(D) Remarks

For purposes of clarity and accountability, the following sequence of remarks follows as closely as practical the sequence employed in the Office Action itself.

I. The Foregoing Amendment Fulfills Items 1-3 Of The "Detailed Action" In The Office Action.

As requested by Item 1, the Abstract has been amended by Amendment B, above, and is now limited to one paragraph.

In compliance with Item 2, the foregoing Amendment B has stricken the last paragraph of the Specification, including the following, dated signatures of each Joint Inventor referred to by that last paragraph.

As required in Item 3, the title of the invention has been replaced by Amendment B by a much shorter title.

II. Amendment B, Above, Satisfies All Accurate Observations Of Item 4.

A. Amendment B Eliminates Terms Cited By The Office Action As Vague And Indefinite.

The Office Action, Item 4, at Page 3, cited various terms deemed "vague and indefinite." Amendment B, above, cancels all eighteen original claims and replaces them with six new claims (Claims 19-24). The new claims carry forward the substance of the various methods described in the original claims. In doing so, Amendment B avoids use of any of those cited terms, and is believed to achieve definiteness in all respects.

A. New Claims 19-24 of Amendment B Describe The Invention Definitely.

Also at Office Action, Page 3, original Claims 1-18 were cited as "indefinite" and as "generally awkward and confusing in nature." In particular, original Claim 9 (describing order formulation) was deemed "awkward" in entirety. The method of order formulation (formerly in original Claim 9) is now subsumed by new Claim 19, at Method (e). The Joint Inventors believe that, by avoiding vague terms, and by adding clarifying verbiage where required, all perceived problems of definiteness and clarity have been eliminated throughout the six new claims. The lack of any other specific problems of lack of either definiteness or clarity cited in the Office Action confirms this.

In particular, Claim 19, Method (e) draws meaning from these portions of the Specification: the definition of "spot-purchase pool" (p. 6); Object and Advantage (9) (p. 13); description of Figure 4: "Detailed Structure: Requisitions and Orders Databases" (p. 14), and Reference Number 29 (Fig. 2) (p. 16); descriptions of the "spot-purchase pool" (pp. 25-26), of order formulation (p. 28), of requisitions and orders databases (p. 29), of Central Procurement Authority Functions (p. 41), of "Order Formulation and the Reverse Auction" (p. 48); as well as from original Claims 2, 8, and 9. In sum, there is no room for doubt that the meaning of new Claim 19, Method (e) (former Claim 9, as rewritten) is very definite and clear as to what that method claims.

In general, the Joint Inventors have taken care to ensure, as required by *MPEP*, Section 608.01(o), that the meaning of every term used in the claims is apparent from the descriptive portion of the specification, such that the claims, as amended above, have clear support or antecedent basis in the specification. If the Examiner disagrees for any reason, said Joint Inventors request that any ensuing Office Action be non-final, for the purpose of allowing any conforming amendment of hitherto unforeseen necessity.

C. All Remaining Objections Of Item 4 Have Been Remedied.

Item 4 of the Office Action, at Pages 3-4, specifies further objections. All of them have been cured by new Claims 19-24.

1. Claim 18 has been cancelled. Hence, unintended multiple periods therein have been obviated.
2. The word "detection", formerly appearing in original Claim 3, now in new Claim 19, Method (b), is currently spelled correctly.

3. The former use of parentheses, reference to specification section numbers, and abbreviations has been eliminated throughout new Claims 19-24.

4. The former lack of antecedent basis for "the" and "said" in the original claims is cured by new Claims 19-24, which use "said" only when an antecedent is present and in exactly the same verbiage, and use "the" in all other cases where antecedents are present and the reference, albeit not in identical verbiage, is clear beyond reasonable question.

5. The inappropriate reference in original Claim 10 to another claim is now cured, in that both that claim and the referenced claim (original Claim 1) are now substantively described in new Claim 19.

III. The Obviousness Rejections Of Original Claims 1-18 Lack *Prima Facie* Merit As To New Claims 19-24.

Introduction: The Governing Legal Principles

In support of any 'obviousness' objection under 35 *U.S.C.* Section 103, a patent examiner should set forth in the Office Action: (a) "the relevant teachings of the prior art relied upon"; (b) "the difference or differences in the claim over the applied reference(s)"; (c) "the proposed modification of the applied reference(s) necessary to arrive at the claimed subject matter"; and (d) "an explanation why one of ordinary skill in the art at the time the invention was made would have been motivated to make the proposed modification." *Manual of Patent Examination Procedure* (*MPEP*), Section 706.02(j), Page 1. Where pertinent below in the discussion of cited prior art, various failings of the Office Action to state one or more of these four elements with particularity will be mentioned. Moreover, shortcomings of fact as to such elements will be critically examined below. Joint Inventors herein, Heimermann and Danforth, believe and contend below that their invention is patentable over prior art.

"The examiner bears the initial burden of factually supporting any *prima facie* conclusion of obviousness.... The initial evaluation of *prima facie* obviousness thus relieves both the examiner and applicant from evaluating evidence beyond the prior art and the evidence in the specification as filed until the art has been shown to suggest the claimed invention." *MPEP* Section 2142, p. 2100-123 (emphases supplied).

"To establish a *prima facie* case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings.

Second, there must be a reasonable expectation of success. Finally, the prior art references (or references when combined) must teach or suggest all the claim limitations." (*Id*, p. 124, emphases supplied).

"To support the conclusion that the claimed invention is directed to obvious subject matter, either the references must expressly or impliedly suggest the claimed invention or the examiner must present a convincing line of reasoning as to why the artisan would have found the claimed invention to have been obvious in light of the teachings of the references." (*Ex parte Clapp*, 227 U.S.P.Q. 972, 973 (Bd. Pat. App. & Inter. 1985).

As to combining references, "There are there possible sources for a motivation to combine references: the nature of the problem to be solved, the teachings of the prior art, and the knowledge of persons of ordinary skill in the art." *In re Rouffet*, 149 F.3d 1350, 1357, 47 U.S.P.Q.2d 1453, 1457-8 (Fed. Cir. 1998) (Holding that the combination of the references taught every element of the invention as claimed; however, without a motivation to combine, a rejection based on *prima facie* obviousness was improper.)

Where the teachings of two or more prior art references conflict, this must be taken into consideration, as to the degree to which one reference may be discredited by another, in determining the power of each such conflicting reference to suggest solutions to one of ordinary skill in the art. *In re Young*, 927 F.2d 588, 18 U.S.P.Q.2d 1089 (Fed. Cir. 1991).

"The mere fact that references can be combined or modified does not render the resultant combination unless the prior art also suggests the desirability of the combination. *In re Mills*, 916 F.2d 680, 682, 16 U.S.P.Q.2d 1430, 1432 (Fed. Cir. 1990)." MPEP, Sec. 2143.01, p. 126 (emphases supplied). Similarly, merely that an invention would have been "'well within the ordinary skill of the art'.... is not sufficient to establish a *prima facie* case of obviousness without some objective reason to combine the teachings of the references. *Ex part Levengood*, 28 U.S.P.Q.2d 1300 (Bd. Pat. App. & Inter.. 1993)....; Al-Site Corp. v. VSI Int'l., Inc., 174 F.3d 1308, 50 U.S.P.Q.2d 1161 (Fed. Cir. 1999) [The level of skill in the art cannot be relied upon to provide the suggestion to combine references.]" *MPEP* Sec. 21.43.01, p. 126 (emphases supplied).

Indeed, a "prior art reference must be considered in its entirety, i.e., as a whole, including portions that would lead away from the claimed invention. *W.L. Gore & Assoc., Inc. v. Garlock, Inc.*, 721 F.2d 1540, 220 U.S.P.Q. 303 (Fed Cir. 1983)...." *MPEP* Sec. 2141.03, p. 2100-122 (emphases supplied).

Distinctly, "it is improper to combine references where the references teach away from their combination. *In re Grasselli*, 713 F.2d 731, 743, 218 U.S.P.Q. 769, 779 (Fed. Cir. 1983)...." *MPEP*, Sec. 2145, p. 2100-157.

Finally, "Where a reference is relied on to support a rejection, whether or not in a minor capacity, that reference should be positively included in the statement of the rejection. See: *In re Hoch*, 428 F.2d 1341, 1342, n. 3, 166 U.S.P.Q. 406, 407, n. 3 (CCPA 1970)." *MPEP*, Sec. 706.02(j)

All of the foregoing points of law will be applied in the following, specific, factual analysis of the cited prior art. At various points below, the above principles, and others of more specific pertinence will be applied to the comparison of prior art to the present invention, demonstrating that there is no showing of obviousness as to the invention herein.

A. **New Claim 19, Containing, *Inter Alia*, Descriptions Substantially Congruent To Original Claims 1-3, 8-9, 11, And 13, Is Patentable Notwithstanding *Shkedy*. *(Responding to Office Action, Item 6)***

1. **The Cited *Shkedy* References Do Not Teach What Is Asserted By The Office Action.**

Citing Column 1, lines 14-65, and Column 6, lines 40-47 of *Shkedy*, the Office Action, Item 6 (p. 5) states: " *Shkedy* discloses a method of e-procurement including posting of orders within an Internet web site for bidding by reverse auction is known." In fact, neither of those two passages discuss a reverse-auction at all. Although *Shkedy* itself advances a type of reverse-auction, the differences between the *Shkedy* reverse-auction system and that which is described in the *Specification* and claims herein are fundamental and profound, such that the *Shkedy* invention itself actually teaches away from the present invention (see immediately *infra*). What is most important in this section instead is that, by carefully outlining the prior art, at closest only erecting other forms of "buyer-driven" Internet purchasing (see, e.g., Col. 1, lines 56-67, Col. 2, lines 1-41), *Shkedy* teaches *via* negative implication that no reverse-auction-*via*-Internet use, or proposal for such use preceded *Shkedy* at all.

Also citing Col. 1, lines 14-30, the Office Action (p. 6) asserts that *Shkedy* teaches that "e-commerce will encompass multiple functions spanning widespread usage." In fact, discussing only contrasting, seller-driven e-commerce, that passage states only in passing that: "Market forecasts indicate that e-commerce will gain widespread usage as a medium for commercial transactions." These two propositions are completely different. In any event, the ubiquity or variability of e-commerce is no bar to patentability of non-obvious e-commerce-based inventions.

The Office Action (p. 6) cites Col. 16, lines 62-65 and Col. 17, lines 1-22 as purportedly indicating that the *Shkedy* invention includes a method of "monitoring time limits." However, nothing in those two passages so indicates. The latter passage simply refers to use of first-bid status as the sole factor, other than that of lowest-price, and at that, purely as a tie-breaking device, to determine the winning bid (see Col. 17, lines 44-48). This is not at all the same as "monitoring time limits."

At. p. 5, the Office Action asserts that in *Shkedy*, "Pre-set criterion is utilized to identify a winning bid (col. 17, lines 32-49)...." This is misleading, since in the *Shkedy* invention, the <u>sole</u> criterion is that of first instance of a lowest price (Col. 3, lines 55-56), as opposed to the multi-factorial decision process to determine a winning bid in the invention herein.

Also at p. 5, the Office Action asserts that, under the *Shkedy* invention, "A shipper is specified, where the winning bidder and shipper is [sic] both notified ( ) [sic], and agreed-upon terms are recited (col. 17, lines 60-67; col. 18, lines 1-15; col. 27, lines 49-55)." In fact, however, the first two of these cited passages clearly leave all choice of shipper (i.e., carrier) and all shipping arrangements strictly up to the <u>seller's</u> discretion ("The seller transfers the specified goods to the buyer. This transfer could involve the delivery of physical goods as well as digital goods." Col. 17, lines 65-67). This is an important distinction, since the present invention, as the <u>buyer's</u> system, except for shipment terms accepted as an <u>express</u> part of a winning bid, <u>itself</u> posts shipments for bids, effectively placing control of shipping decisions solely in the buying government's or entity's hands.

The Office Action, p. 5, further states: "Identifier and password within pre-set limit (col. 20, lines 46-58)." In point of fact, although that passage mentions "buyer ID" and "password", the only concept mentioned there that could relate to a "pre-set limit" is that of a "ceiling price" set in advance by a buyer as to each item. This arrangement <u>contractually binds the buyer to accept a bid within that limit</u> under *Shkedy*, a <u>critical</u> difference to the present invention's reverse-auction method. Read otherwise, as an assertion of a limit on purchases, whether for budgetary reasons or as to type of goods, as is regulated by the present invention (Claim 20), such assertion would be incorrect. *Shkedy* only uses <u>creditworthiness checking</u> as a sole purchase-negation tool (Col. 5, lines 63-67; Col. 6, lines 1-3), and does <u>not</u> concern itself with budgets, or with types of goods sought to be requisitioned, as a judgment of appropriate purchasing, <u>contrary to the present invention</u>.

The Office Action, pp. 5-6, incorrectly asserts that *Shkedy* includes "Order tracking including monitoring open and closed status." In fact, the <u>only</u> tracking described at the cited location (Col. 6, lines 18-25) consists solely of a check as to <u>whether bids can still be taken</u> on a given PPO. At *Id*, lines 25-29, a "tracking number" is described. However, this number is assigned to the seller's <u>bid</u>, and tracks only the bid, <u>not</u> the PPO, or individual buyer's orders ("FPO", in *Shkedy*). There is no description as to how even this bid tracking number would actually be used after its assignment.

In sum, the foregoing points reflect that *Shkedy* does not teach those specific assertions in the Office Action. For this reason alone, *Shkedy* does not stand as proof of obviousness of the present invention, in the absence of such actual teachings.

2. *Shkedy*, Properly Understod, Teaches *Away* From The Present Invention.

a. *Shkedy* Is A System Operated And Controlled By A *Third-Party*.

Shkedy requires a "third party" to administer its e-procurement system, and to act as "agent" for multiple buyers. (Col. 2, lines 59-63). Indeed, the very need which *Shkedy* complains is unmet by prior art, and which it sets out to fill, is a "bilateral multi buyer-driven multi-seller system. That is, a system in which buyers would pool purchase orders of like kind to achieve the buying power and leverage of in-bulk buying." (Col. 2, lines 43-47). Thus, *Shkedy*, as a multiple-buyer system, really teaches away from the different configuration of a reverse-auction in the present invention, run by a single buying government or entity of such size.

The invention herein is operated and controlled solely by the buying government or entity, without any need or place for third-parties or agents of any kind. (See, e.g., *Specification*, p. 32, lines 1-3: "This system is hosted by the government itself....") This ensures that complete control, and also all administrative steps and aspects, including full control over all data of the bidding process, lie exclusively in the hands of the buying government or entity. By the same token, this also avoids any need to compensate any such intermediary as is proposed by *Shkedy*.

The central function of *Shkedy*, as an intermediary-operated system designed for multiple unrelated buyers, is pooling of one buyer's order for a given product with the orders of other, unrelated buyers (Fig. 2A (60)). In opposition, the present invention, as a system designed for operation solely by a buying government or entity, does not require such order pooling with unrelated buyers. (Claim 19, Method (d)).

At Column 26, lines 46-64, *Shkedy* gives an embodiment for a single buyer. However, even in this embodiment, *Shkedy* still maintains its intermediary ("central controller") operation. Moreover, because of this fundamental systemic difference, numerous further differences necessarily must – and do arise. The sole buyer in this *Shkedy* embodiment cannot pool internally and thus present an order for reverse-auction bid (*Id*, lines 56-57). Whether set by the third-party ("central controller"), or by the sole

buyer, a maximum ("reserve") price must be set in *Shkedy* (*Id*, lines 59-62). Both of these are basic differences as to the present invention. (See: Claim 19, Methods (d), (e), and (g)(5).)

The latter point also reflects that a sole buyer under *Shkedy* still becomes <u>contractually obligated</u> in advance to accept any offer at, or under that maximum pre-set price. (Col. 2, lines 52-58) (calling this advance binder "a key element" of the *Shkedy* invention). Accord: Col. 3, lines 1-8. In *Shkedy*, the intermediary ("central controller")actually <u>sets</u> a maximum price, and then tenders it to a given buyer for <u>take-it-or-leave-it</u> approval. (See *Shkedy*, Fig. 2A (54)-(58); Col. 3, lines 45-47). Refusal to accept that maximum price bars a given buyer from participating in that pool for that good (Col. 5, lines 42-52). This teaches away from the present invention, which has <u>no such maximum price stipulation arrangement</u>, or any need for it, since it is not necessary for the government or entity to bind itself to itself. Similarly, *Shkedy*'s alternative of a cancellation fee (Col. 8, lines 7-9) is <u>not</u> required or used in the present invention, widening the gulf of *Shkedy* teaching away from the present invention.

In hard contrast, under the present invention, a buying government or entity, operating the reverse-auction itself, can refuse to accept <u>any</u> bid, or indeed <u>all</u> bids, for any posted order, thereby constituting a <u>complete reserve</u> reverse-auction (Claim 19, Method (g)(5).

This, and the lack of any intermediary in the present invention also ensure that no order cancellation fees, or commission fees, as alternatively projected by *Shkedy,* at Col. 26, lines 29-45, will ever exist in the presently invented system. *Shkedy's* general provision for revenues from its e-commerce system to the intermediary (Col. 18, lines 23-36) stands in stark contrast to the <u>lack of any need for such fees or other revenue in the present invention</u>, simply operated by the government or entity at its cost of operation, as an automated improvement over high-cost, manual purchasing methods replaced thereby.

Moreover, because of the intermediary arrangement specified by *Shkedy*, a buyer cannot limit the choice of shipper, or bar any shipper, or exercise any control over shipping whatsoever (Col. 17, lines 61-67,; Col. 18, lines 1-4), contrary to the present invention, which <u>gives complete control over shipper-selection and shipping to the buying government or entity</u>. (See Claim 19, Method (h)(3); Claim 23).

Because of the limitless number of previously unknown buyers that can access the *Shkedy* system, it must employ a pre-pooling process for each would-be buyer (Fig. 6 (600)-(630); Col. 5, lines 63-67). Because the present invention, in sharp distinction, allows purchase only by the government or entity, <u>no such credit check is required</u>. Instead, checking is done as to whether the requisitioner is authorized, and also done as to available budget for the projected expenditure of a given requisition (Claim 19, Method (b); Claim 20, Method (a)). <u>*Shkedy*, dealing with individuals and unknown entities, lacks any means to check into either of these matters</u>.

Shkedy requires buyers receiving unsatisfactory delivery of goods to contract with an arbitrator for dispute resolution (Fig. 10, (1040); Col. 8, lines 25-28). On the contrary, because the system of the

current invention is operated by the government or entity as sole buyer, there is no need for arbitration. Authorized suppliers can be "debarred" from eligibility to sell to the government or entity *via* reverse-auction as a sanction for failing to honor contractual obligations to deliver goods and/or to perform services called for by reverse-auction winning bids on orders (Claim 19, Method (f)). Additionally, payment release occurs only upon internal verification of satisfactory delivery of goods and/or satisfactory performance of services under any given order (Claim 19, Method (j).

Also, *Shkedy*, as an intermediary-based system, requires advance payment to the intermediary by each buyer, or establishment of a buyer deposit account with the intermediary, or bank balance verification (Fig. 11 (1110)), or at least credit verification (Col. 5, lines 64-67). This is so the intermediary can "guarantee payment to the seller." (Col. 3, line 13). To the contrary, the present invention, being operated by the buying government or entity itself, does not call for payment to, or deposit with any intermediary, has no need to guarantee payment to its authorized suppliers, who are paid directly, and only pays after verification of satisfactory goods delivery and/or performance of services under a given winning bid (Claim 19, Method (j)). The sheer fact that *Shkedy* requires payment to flow through the intermediary (Col. 19, lines 33-35) teaches away from the present invention as well, under which payment, when made, is made directly from government or entity to the winning bidder (Claim 19, Method (j)).

b. ***Shkedy*** **Pools Purchase Orders Only For *One* Specific Category Of Good Or Service Per Resulting "Pooled Purchase Order".**

As *Shkedy*'s Summary of the Invention clearly describes, its pooling consists of Purchase Orders for one particular category of good or service, in which a given buyer can only buy one specific good or service per category (Col. 3, lines 42-50; Col. 5, lines 9-25). Each category is effectively purchased separately at reverse auction (Coil. 6, lines 3-5). Different pools would have to be created for each different good or service ordered. This teaches away from the pooling method of the present invention. In distinction, the present invention allows pooling of any number of items of goods and/or services, regardless of differences in kind, as may be deemed advisable under various analyses, based on past purchasing outcomes, to maximize the likelihood of obtaining satisfactory services and goods, satisfactorily delivered, at lowest obtainable total cost (Claim 19, Method (e)(1)).

c. At Least One Described Embodiment In *Shkedy* Teaches Away From Reverse-Auction Altogether.

Shkedy, at Col. 7, lines 26-42, describes an "embodiment of the present invention", that actually forsakes an actual reverse-auction completely, instead agreeing privately with only one seller to an exclusive, annual-supply contract, in exchange for that particular seller's promise of a 5% discount under lowest published competitor's price for each PPO as to category(y)(ies) of goods thus supplied. In contrast, under the present invention, the reverse-auction is held as to each formulated order from the spot-purchase pool. Even offers of discounts are simply factored into the determination of the winning bid. This allows competition that will, through permitting bidding on each order, guarantee that the lowest available cost will be available on a bid in every reverse-auction, regardless whether borne by the 'discounted' bid, or by that of a competitor. The very purpose of a reverse-auction is to maximize competition among competing sellers. Because the *Shkedy* alternative of an exclusive supply contract, even through bearing a fixed discount under published prices, tends to stifle such competition by abandoning the reverse-auction model, it teaches diametrically away from the present invention.

Another embodiment equally teaches away from the cash or fungibility required for the lowest-price comparison inherent in a reverse-auction by alternatively calling for "an exchange of goods, services, or other non-monetary consideration" (Col. 8, lines 17-20) -- essentially a return to the crude barter of a cashless society. Moreover, because *Shkedy* requires a pool of similarly categorized items, only goods (not services) can be ordered in its reverse auction (Col. 17, lines 64-67; Col. 18, lines 1-4). Hence, the *Shkedy* design teaches away from that of the current invention, allowing for reverse-auction purchase of both goods and services (and indeed, intermingled, and regardless of category, by virtue of the current invention's order formulation method, *supra*). This confirmation of *Shkedy*'s need to resort to side-barter for services, or as an alternative to reverse-auction cash purchase of goods, drives home that *Shkedy* fundamentally teaches away from the present invention.

3. *Shkedy*'s Principle Of Operation Would Have To Be Changed To Render Even Claim 19 Alone As *Prima Facie* Obvious, And In Doing So Would Render The *Shkedy* Invention Unsatisfactory For Its Intended Purpose.

Where the proposed modification "of the prior art would change the principle of operation of the prior art invention being modified, then the teachings of the references are not sufficient to render the claim *prima facie* obvious. *In re Ratti*, 270 F.2d 810, 123 U.S.P.Q. 349 (CCPA 1959)" *MPEP*, Sec. 2143.01, at p. 5. By the same token, "If proposed modification would render the prior art invention being modified unsatisfactory for its intended purpose, then there is no suggestion or motivation to make the proposed modification. *In re Gordon*, 733 F.2d 900, 221 U.S.P.Q. 1125 (Fed. Cir. 1984)."

In the case of the *Shkedy* invention, its very principle of operation requires an intermediary to provide the purchase pooling for individuals as pool participants.

Similarly, the need for maximum price setting, with binding of a buyer thereto as a contractual obligation, even with the alternative of a cancellation fee, is inherent to *Shkedy*'s principle of operation, since pools of many individual buyers could not otherwise be maintained (a "key element" of *Shkedy*; Col. 2, line 52).

Likewise, the limitation in *Shkedy* of pools to only one category of good or service is yet another inherent, necessary part of *Shkedy*'s principle of operation, since pools of many individuals' orders can only achieve sufficiently focused seller interest and economy of scale of wholesale purchase when organized by category (Col. 2, lines 42-46). In contrast, the current invention relies on the large-scale and repetitive purchases by a single government or other large entity to create seller interest and such wholesale purchase pricing, without limitation as to category.

In sum, to achieve the vastly different functions and aims of the present invention, *Shkedy* would have to have these functions, and all others cited in the immediately preceding Section III.A.2. which effect the *Shkedy* principle of operation fundamentally changed. This alone prevents a *prima facie* determination of obviousness even merely as to Claim 19 herein (the broadest of the new claims herein), irrespective of its further limitations in new Claims 20-24.

Moreover, the intended purpose of *Shkedy* was to afford individual buyers access to such pooling. Yet the different order formulation in the present invention, and its single-buyer configuration, as well as its administration of many authorized suppliers, of "spot", and "negotiations" pool bifurcation of requisitions, of inventory management, and its winning bid considerations other than lowest price, all

make the present invention inaccessible to individuals as pools of buyers, and make it singularly inappropriate and maladapted to such purpose of *Shkedy*.

4. ***Shkedy*** **Does Not Recognize The Problem Solved By The Present Invention, And Lacks A Suggestion For Modification To Meet The Claims Of The Present Invention, And In Any Event Does Not Meet All Methods Of Claim 19.**

Much of what has already been said in the preceding three subsections of argument governs this point as well. The problem addressed in *Shkedy* was how to afford individuals the benefit of bulk purchasing prices through pooling their purchases with those of other individuals. The problem primarily addressed in the present invention instead is how to afford a government a method of automated, centralized procurement allowing frequent, highly efficient purchasing through order formulation, forcing competition beyond standard wholesale discounting, while increasing choice of variety and quality of goods and services purchased, by means of reverse-auction bidding by a limited set of authorized suppliers.

As described in Subsection 2(a) above, *Shkedy* uses a third-party intermediary to operate and control its system and all purchasing through it, and maintains that configuration even for a single buyer (Col. 26, lines 58-60). *Shkedy* does not suggest modification for operation by a single buyer itself, such as a government. Similarly, *Shkedy* adheres to stipulation of a maximum price by a buyer as contractually binding in advance of the reverse auction, and never suggests dropping this core aspect of its concept, unlike the present invention, except to alternatively replace it with a cancellation fee, unheard of in the present invention. The third-party *Shkedy* system likewise inherently requires: (a) its buyer credit checking and/or advance payment/deposit; (b) seller payment by an intermediary; and (c) compensation to the intermediary, once again, all aspects completely unused and unneeded by the present invention.

Similarly, there is no suggestion by *Shkedy* of auction items comprised of goods in more than only one narrow category, as is allowed by the present invention, after order formulation based on other considerations.

From this reprise of previously discussed and documented observations, it is clear that *Shkedy* simply did not address, or even recognize the problem solved by the present invention, and lacked any suggestion for modification needed to address said different problem addressed by the present invention.

In any event, even if one assumes, *arguendo*, to the contrary, the fact remains that, even solely as to new Claim 19, not all methods and aspects thereof have been asserted by the Examiner previously as

having been met by *Shkedy*, without resort to speculated combination (about which see sections *infra*). In particular, the Office Action cited former Claims 1-3, 8-9, 11, and 13 as "unpatentable over *Shkedy*" itself. Each of those specific, former claims are now subsumed as methods in new Claim 19 (ignoring, *arguendo*, modifications to them, respectively in Amendment B, above). However, new Claim 19 also includes as cumulative methods the substance of former Claims 7, 10, and 14 as well. These three methods, addressing inventory minimization through first-priority inventory transactions where possible, authorized supplier approval, preferences, and debarment, and procurement accounting, respectively, have not been asserted to be barred by modification suggested only by *Shkedy* itself.

To bar a claim, a reference, when not combined, must meet all limitations of that claim. *MPEP*, Sec. 2142, p. 2100-124. Because the inclusion of former Claims 7, 10, and 14 as limitations, Claim 19 is not met by *Shkedy* alone in any event.

B. Method (f) Of New Claim 19 (Compare To Former Claim 10) Is Not Barred By A Speculated Combination Of *Shkedy* And *Carlton-Foss*. (*Office Action, Item 7*)

1. Introduction

Former Claim 10, addressing processes of authorized supplier approval, administration (including preferences), and debarment, is now subsumed in Claim 19, at Method (f), as re-written at certain passages for clarification. All of the foregoing observations addressing the general impropriety of application of *Shkedy* as a purported reference of obviousness of the present invention apply to new Claim 19, Method (f) with equal force of logic. Therefore, all of those observations are incorporated and republished and applied throughout this Subsection B without reiteration by this reference to them.

First to follow hereinafter is further examination of *Shkedy*, specifically as to whether it specifies or alludes to approval of suppliers, or to their debarment from the status of authorized suppliers, or to awarding and re-evaluating a preference in bidding in the reverse-auction, and applying such preference to bidding on a given reverse-auction order.

An examination of the general failings of *Carlton-Foss* as an obviousness reference herein will be postponed until Subsection C, *infra*. Thus, the second portion of the analysis which follows in this Subsection B will be an examination of *Carlton-Foss* of the same particular question of disclosure by *Carlton-Foss* itself of the authorized suppliers process in Method (f) of new Claim 19.

Finally, the question of whether combination of *Carlton-Foss* with *Shkedy* is valid will be examined, such as together to have disclosed those authorized supplier processes. Joint Inventors herein resolutely maintain that neither *Shkedy*, *Carlton-Foss*, or their combination can be fairly said to render those authorized supplier processes in the present invention obvious.

2. ***Shkedy* Itself Does Not Disclose Method (f) Of New Claim 19 As To Authorized Suppliers.**

Item 6 of the Office Action, at pages 5-6, discussing *Shkedy*, does not assert any disclosure pertaining to former Claim 10, or refer in any way to any process of authorization of suppliers, or of debarment from that status, or of administration of any system of preferences in bidding among such authorized suppliers. Nor does a perusal of the *Shkedy* patent disclosure itself reveal any reference to any of those processes. At Col. 3, lines 25-29, *Shkedy* merely declares one of its objects to authenticate a seller's identity. *Shkedy* does permit a given seller, when registering, to be required to list items the seller provides (Col. 10, lines 20-25), but there is no approval process or debarment process as to the seller itself. This listing process in *Shkedy* at most could only bar a specific bid in a category where the seller does not provide such goods. Hence, that listing process in *Shkedy* does not render the authorized supplier approval or debarment processes on Method (f) of new Claim 19 in the present invention obvious.

3. **Likewise, *Carlton-Foss* Itself Does Not Disclose Method (f) Of New Claim 19 As To Authorized Suppliers.**

As to Claim 10, the Office Action does not make any particular assertion as to anything disclosed in *Carlton-Foss*. In fact, nothing in *Carlton-Foss* discloses anything as to a limited class of authorized suppliers, or as to any approval of suppliers to that class, or debarment of any given supplier from authorized supplier status, or as to any method of awarding preference to specific authorized suppliers in bidding in the reverse auction.

Indeed, by mentioning mere "registration" of sellers seeking to bid (Col. 9, lines 13-19), the negative implication in *Carlton-Foss* is that no such processes are included. Likewise, the brief discussion of prior art in *Carlton-Foss* contains no mention of any such processes.

The mention of "short lists" of "traditional reverse auctions" (Col. 1, lines 54-55) simply refers to suppliers a "requestor" of goods might call to obtain telephone bids. This is not truly a reverse-auction at all, and certainly does not apply to reverse-auctions *via* Internet Web site. More particularly, it is not a mandatory approval process to an exact set of authorized suppliers, but rather is merely *ad hoc* and open-ended, based only on transient perception of which suppliers "are known to offer good products and services at acceptable prices, or because they are anticipated to contend for the contract." (*Id*, lines 55-57). Especially because these are not the criteria employed in the present invention for such approval (see: new Claim 19, Method (f)(4)), Method (f) is not disclosed by *Carlton-Foss*.

Moreover, since Method (f) also provides the aforementioned processes of preference award and its application to bidding, and of authorized supplier debarment (Method (f)(6)-(10), not mentioned by *Carlton-Foss*, *Carlton-Foss* cannot be said to have divulged Method (f) of Claim 19.

4. Combination of Shkedy and *Carlton-Foss* Adds Nothing Significant, And Hence Still Does Not Disclose Method (F) Of New Claim 19.

Taken together on this point, *Shkedy* and *Carlton-Foss* merely disclose: (a) authenticating a seller's identity; (b) requiring a listing of items a seller provides; (c) registration of sellers seeking to bid; and (d) maintaining "short lists" of sellers to telephone to solicit bids from. Nothing in either *Shkedy* or *Carlton-Foss* suggests combination of these processes. While processes (a) and (c) are similar, each process is functionally complete unto itself. Moreover, processes (b) and (d) take differing approaches from each other and from (a) and (c), addressing disparate problems not involved in authorized supplier approval in new Claim 19, Method (f) of the present invention. Nothing about this 'package' of disclosures, taken together, mentions or suggests the authorized supplier approval or disbarment processes, or the preference award and its application to the bidding process, as set forth in Method (f) of new Claim 19 in the present invention. Hence, the claimed features of that Method are lacking in the asserted combination of references

No reasoning, much less any convincing reasoning, is advanced by the Office Action to support any implication of obviousness of Method (f) merely from these four disclosures, alone or in the aggregate. No such logic appears possible. Therefore, Method (f) is patentable over *Shkedy* and *Carlton-Foss*. Because Method (f) is a non-obvious element of new Claim 19, Claim 19 *in toto* is patentable. MPEP, Section 2142, page 2100-124.

C. Method (B) Of New Claim 20, As To Manual Review And Override Approval Of Requisitions (Compare To Former Claim 5) Is Not Barred By A Combination Of *Shkedy, Basch*, And *Carlton-Foss*. (*Office Action, Item 7*)

1. Introduction

Former Claims 4 and 5 are now incorporated within new Claim 20, at Methods (a) and (b), respectively. Former Claim 4 is addressed at Item 9 of the Office Action, and hence will be addressed *infra* in specific response to Item 9. Because *Basch et al* in combination with *Shkedy* is the basis for item 9, a full review of *Basch et al* is forestalled until said response to Item 9, *infra.*

Item 7 of the Office Action, as responded to here, rejects former Claim 5, citing a combination of *Shkedy, Basch et al*, and *Carlton-Foss*. What role, if any, that *Basch et al* may have in this combination is not stated in Item 7.

Item 7, pages 6-7, admits that "*Shkedy* does not disclose manually reviewing the requisition and manual override." (emphasis supplied). However, it asserts that "*Carlton-Foss* discloses manually reviewing the requisition and manual override (col. 12, lines 52-56). It would have been obvious to one with ordinary skill in the art to include manually reviewing the requisition and manual override because *Carlton-Foss* teaches advantages to doing so (col. 8, lines 15-25)."

This Subsection C will first contend that *Carlton-Foss* does not so disclose or teach, and thereafter will contend that combination of *Shkedy* with *Carlton-Foss* does not render Method (b) of new Claim 20 obvious.

2. *Carlton-Foss* Itself Does Not Disclose Method (b) Of New Claim 20.

a. The Cited *Carlton-Foss* References Do Not Teach What Is Asserted By The Office Action.

The quotations in the immediately preceding Subsection C.1. are an incorrect reading of those passages from *Carlton-Foss*. In point of fact, those references refer to evaluating bids, not requisitions. After the data in a bid has been validated, the proposal validator in *Carlton-Foss* places the bid in the bid database (Col. 7, lines 52-67). (Note that use of the word "request" in line 66 is an obvious drafting error, since that paragraph discusses bids, not requisitions/"requests". The previous paragraph discusses processing of "requests", placing them in the "requisition database" (Col. 7, lines 49-51).)

Following this, as explained in the passage incorrectly cited in the Office Action, at page 7, the bid item evaluator "matches descriptions of goods and services with entries in the evaluation database to rate the quality of goods and services, or in general to provide quantitative numerical evaluations of non-numerical attributes of line items in bids."

The bid item evaluator receives information from the evaluation database through a database interface. The bid item evaluator determines a value for each bid item based on the match of information found in the bid item data with information found in the referenced database." (Col. 8, lines 5-14, emphases supplied for clarity).

The manual review that follows (Col. 8, lines 15-19 also deals with bid item data. Thereafter, "The only output of the bid item evaluator and manual modifications serves as part of the input for the bid ranking manager. Triggered automatically whenever there is a request for information about the ratings of bids, the bid ranking manager calculates the numerical percentage "goodness of match" of the proposed line items to the requisition." (Col, 8, lines 23-29). The other passage cited on this point by the Office Action (page 6), at Col. 12, lines 52-56 of *Carlton-Foss*, is preceded by, and clearly refers to these calculations feeding into the "bid ranking manager" and its "ratings" of bids. (Col. 12, lines 46-47).

In other words, this process does not manually review and override the requisition, it merely rates bids for a qualitative match to what the requisition sought. This is not at all "requisition and manual override", and certainly is not at all what Method (b) of new Claim 20 (former Claim 5) does. (See immediately *infra*.) Accordingly, without actual basis from the cited reference to *Carlton-Foss*, Office Action, Item 7 (pages 6-7) does not set forth *prima facie* obviousness of Method (b) of new Claim 20 (former Claim 5).

b. Because *Carlton-Foss* Lacks Any Process Of Approval Of Requisitions, Much Less Approval By Manual Override Of Digital Denial Of Approval, New Claim 20, Methods (a) and (b) Are Not Obvious Under *Carlton-Foss*.

Neither *Carlton-Foss*'s discussion of the prior art, nor its specification of its own invention mention or suggest any process of review and approval or denial of approval (whether automated digitally or conducted manually) of any requisition, nor even intimate any motivation for such requisition approval process. Nor would such requisition approval have been any concern of *Carlton-Foss*, since *Carlton-Foss* simply processes the orders of strangers, as long as they can pay for whatever they order. The budgetary and utilitarian wisdom of what is ordered is of no concern to *Carlton-Foss*, unlike present new Claim 20, Methods (a) and (b).

In contrast, new Claim 20, Methods (a) and (b) (former Claims 4 and 5), respectively, set forth methods of exactly such requisition approval.

It simply follows from the lack of any disclosure in *Carlton-Foss* of that requisition approval process that Claim 20, Method (b) herein cannot be deemed obvious under *Carlton-Foss*.

In addition, general factual distinctions between *Carlton-Foss* and the present invention drive home the inapplicability of *Carlton-Foss* as a reference to purported obviousness of the present invention, both in all respects, and specifically as to the requisition approval process specifically. *Carlton-Foss* is a multiple "requestor" (buyer) auction, operated by a third-party. (Col. 5, lines 32-36; Col. 8, lines 52-55). As stated in other contexts, *supra*, the present invention is designed for use by a government or entity as a single buyer in a reverse-auction. Even the possible pooling with other governments or entities as a "consortium" (not subject of the claims, but discussed at Specification, page 37 of the present invention) calls for pooling into unified, respective orders for reverse-auction posting, such that the reverse-auction treats each such unified order as that of a single buyer. The budgetary considerations of, and the needs to confine purchasing to goods and services of appropriate use to the requisitioning unit of the government or entity are the concern of Claim 20, Methods (a) and (b) of the present invention, but are of no concern at all to the third-party operator of the *Carlton-Foss* invention, serving numerous unrelated persons and entities as buyers.

Even more fundamentally, *Carlton-Foss*, properly understood, does not even actually automatically declare a winning bid in reverse-auction, but simply "provides on-line feedback to requestors and bidders of the numerical ranking of each bid on any request specification" (Col. 5, lines 28-30), leaving it to the requestor to manually select a bid to accept. (Col. 6, lines 55-60).

Carlton-Foss contains no intervening steps, unlike the present invention, of: (a) filling part or all of a given requisition internally, if possible, from extant inventory; (b) checking on budgetary and other authorization issues of a given requisitioner and requisitioning unit; or (c) pooling current requisitions into orders. (See, *e.g.*: Claims 19, Methods (c), (e), and Claim 20, Methods (a) and (b).) That *Carlton-Foss* would suggest only one of these, without invoking other preceding functions defies any logical expectations, and hence cannot be deemed to have been implicitly suggested.

3. The Citation of *Basch et al* At Office Action, Page 6, Lacks Any Statement About Its Applicability, And Hence, Does Not Establish *Prima Facie* Obviousness.

The reference *in toto* to *Basch et al* in Item 7 simply asserts that the invention is "unpatentable over *Shkedy* in view of *Basch et al* as applied to claim 4." No text passage from *Basch et al* is cited in

support of this assertion. Apart from issues of combination, this fails to show that *Basch et al* expressly or implicitly suggests the invention claimed in former Claim 5 (new Claim 20, Method (b)), and does not constitute a "convincing line of reasoning as to why the artisan would have found the claimed invention to have been obvious in light of the teachings of the references." (*Ex parte Clapp, supra*, quoted at *MPEP,* Sec. 2142, at p. 2100-124.

"When the motivation to combine the teachings of the references is not immediately apparent, it is the duty of the examiner to explain why the combination of the teachings is proper." *MPEP, ibid.* This mere citation of *Basch et al* does not satisfy this standard of a showing as to combination either. Joint Inventors herein therefore have no way to effectively respond to the *Basch et al* citation here, except that, for these reasons, the *Basch et al* citation here cannot constitute, or contribute to a *prima facie* conclusion of obviousness as to new Claim 20, Method (b).

Joint Inventors herein are mindful that *Basch et al* is cited in Office Action, Item 9, as to former Claim 4 (new Claim 20, Method (a)). That reference will be challenged, *infra*, in addressing Item 9 comprehensively. Nevertheless, whatever merit the *Basch et al* reference may have there, the mere citation of *Basch et al* here does not, without further explanation, offer any reason supporting the combination of *Shkedy* and *Basch et al* asserted by the Office Action, Item 7, on this distinct element of new Claim 20.

Suffice it to simply observe that *Basch et al* is a credit approval determination invention. The spending-limit comparison of Claim 20 is <u>not based on creditworthiness</u>, but instead on <u>budget-versus-spending considerations</u>, and also on the specific authorization level of a given requisitioner and requisition unit, not only as to budget, but <u>also as to suitability of "types of goods and/or services</u>" requisitioned (Claim 20, Methods (a)(1), and (b) (4) and (5) (automatically or manually granting approval for requisitions not approved *via* Method (a)). Because *Basch et al* is only concerned with a "financial risk score" of creditworthiness judgment (Col. 5, line 61), *Basch et al* does not, and logically would not suggest the budgetary and especially the suitability considerations of Claim 20, or suggest any manual review/override based on such considerations. The respective problems are simply utterly different.

Therefore, both because this *Basch et al* citation lacks explanation, and also because of the disparate problem in *Basch et al*, *prima facie* obviousness must fail as to this asserted combination of *Shkedy*, *Basch et al*, and *Carlton-Foss*.

4. The Asserted Combination Of *Shkedy* With *Carlton-Foss* Does Not Render Former Claim 5 (New Claim 20, Method (b) Obvious.

In the Introduction of this Subsection C, it has already been noted that Item 7 of the Office Action admits that *Shkedy* itself "does not disclose manually reviewing the requisition and manual override." Yet Item 7 bases the asserted combination of *Shkedy* with *Carlton-Foss* on the immediately following assertion that "*Carlton-Foss* teaches advantages of doing so (Col. 8, lines 15-25)." However, at Subsection C.2., *supra*, it has already been conclusively shown that, in point of fact, *Carlton-Foss* does not include so much as any single mention of requisition review of any kind (i.e., digital or manual), or of manual review or override of any initial such digital review and approval or denial. This is critical, because requisition approval or denial is the issue addressed by former Claim 5 (new Claim 20, Method (b) herein.).

In contrast, *Carlton-Foss* engages in a review of bids, having no further relationship to the requisition than extracting the data as to items requested, for purposes of qualitatively evaluating bids. Therefore, it is clear that *Carlton-Foss* does not teach advantages of "manually reviewing the requisition and manual override." Lacking any mention of same, *Carlton-Foss* cannot be said to suggest such combination to that end. There is literally nothing in *Carlton-Foss* to applicably combine. Therefore, new Claim 20, Method (b) is not obvious under any asserted combination of *Shkedy* and *Carlton-Foss*. Because Method (b) is a non-obvious element of new Claim 20, Claim 20 is patentable over *Shkedy*, *Basch et al*, and *Carlton-Foss*.

D. New Claim 24 (Former Claim 6), Comprising A Method Of Requisition Template Creation And Use, Is Not Barred By The Asserted Combination Of *Shkedy* And *Chiasson*. (*Office Action, Item 8*)

1. Neither Former Claim 18, Nor The Methods Incorporated By New Claim 24 Need Be Redundantly Defended Here.

Item 8 of the Office Action rejects former Claims 6, 17, and 18, citing combinations involving *Chiasson*.

Original Claim 18, which incorporated all methods of the system comprising the invention herein then claimed as patentable, has been cancelled by Amendment B, *supra*. The new Claims 19-24 in that Amendment B, unlike the original array of claims, set forth a strictly linear, successive incorporation of each claim by the next. Accordingly, the last of the new claims, new Claim 24, incorporates all methods claimed as patentable in new Claims 19-23.

Those methods of those other new claims, because of their substantial similarity to respective former claims now cancelled, are deemed by this response as effectively being challenged by various numbered Items in the Office Action. Hence, this response defends each of the similar, new claims in Amendment B by the simple substitution for respective former claims, in the numerical order of Items in the Office Action. For this reason, it is not necessary, and would be highly redundant to defend former Claim 18. New Claim 24 will be defended, immediately *infra*, as to its own substantial carrying-forward of former Claim 6. The rest of the methods incorporated by new Claim 24 are respectively defended elsewhere in ordered response to various Items in the Office Action. As would be the case as to former Claim 18, to repeat the defense of each such method incorporated in new Claim 24 at this location as well is unnecessary, and would be greatly redundant without point.

2. No Explanation Is Offered In Office Action, Item 8, For Combination Of *Shkedy* And *Chiasson* As To Requisition Templates, The Subject Of Former Claim 6 (New Claim, 24), And Hence No *Prima Facie* Case Of Obviousness Is Set Forth As To That Claim.

Once again, the Office Action offers assertion of a combination without stating what was suggested in the references to be combined or any motivation to combine, or any specific citation in the text of either reference that either disclosed or suggested such combination or motivation or advantage to the combination. For this reason, as was the case as to *Basch et al* in Subsection C.3., *supra*, in the absence of any immediately apparent motivation to combine teachings of *Basch et al* and *Shkedy* in any way relevant to former Claim 6 (new Claim 24), no *prima facie* case of obviousness of former Claim 6 (new Claim 24) has been set forth by Item 8 of the Office Action. *MPEP*, Sec. 21542, *ibid.*

3. Alternatively In Any Event, There Is No Suggestion Or Motivation To Combine *Shkedy* And *Chiasson* In Either Of Them That Would Render New Claim 24 (Former Claim 6) Obvious.

New Claim 24 (former Claim 6) describes a method of constructing and storing various requisition templates, and presenting them to a requisitioner who is beginning the requisition process on any given occasion, as a permissive use, alternative to digitally filling out the digital requisition form. In this way, the requisitioner can avoid duplication of formal-part fill-ins, and can avoid re-entering data specific to requisition items of goods or services for which there is a frequent or repetitive requisition need. As new Claim 24 points out, the listing of goods and/or services in a given template are constructed from an analysis of what goods and/or services have been frequently requisitioned within the most-recent past year preceding the given requisition.

There is no such template method, or any reference to the desirability of it, appearing in *Shkedy*.

Although *Chiasson* describes an "item template" and an "item template module", these, and their function, are <u>not at all</u> the requisition template method of new Claim 24 (former Claim 6).

Instead, in *Chiasson*, "Templates are the means by which a user enters items into his or her e-catalog[124]....(F)ollowing entry of an item into item template[122], item template module[104] adds the item to user's e-catalog[124] for a given item category." (Page 6, Paragr. 0066, lines 1-5). More confirming details about this process are found at Page 7, Paragrs. 0075 and 0076. In other words, such item templates in *Chiasson* are <u>only</u> used to create an e-catalog, item-by-item. *Id*, Paragr. 0076, lines 5-10. (Accord: Page 2, Paragr. 0012, lines 6-21. Orders, *i.e.*, requisition-substitutes, are created from "the collection", *i.e.*, the e-catalog thus created. *Id*, lines 18-19).

Thus, *Chiasson* does not consult or analyze past requisitions (and apparently does not even preserve an "order" after a given transaction has reached settlement), or create anything like the "requisition templates" in new Claim 24 herein from most frequently requisitioned goods. Hence, rather than being presented at the start of a given requisition instance with one or more templates of one or more pre-entered good(s) and/or service(s), as an alternative to starting with manual entry of such good(s) and/or service(s), as herein, instead in *Chiasson*, one making an "order" can only select goods from an e-catalog. No pre-entered good(s) and/or service(s) appear in any order form.

From the foregoing, it is clear beyond any quibble whatsoever that *Chiasson* neither contains nor suggests any "requisition template" creation or usage, unlike the present invention.

Because neither *Shkedy* nor *Chiasson* offer the slightest intimation of a suggestion or a motivation to create or employ requisition templates, as correctly understood, there is no combination of *Shkedy* and

Chiasson that could possibly suggest that method, set forth in new Claim 24 as obvious. Claim 24 is patentable.

E. New Claim 22 (Former Claim 17), Comprising A Method Of Digital, Unified Catalog Creation And Use, Is Not Barred By The Asserted Combination Of *Shkedy, Carlton-Foss,* And *Chiasson.* (*Office Action, Item 8*)

1. Neither *Shkedy* nor *Carlton-Foss* Disclose Uploading Supplier Catalogs.

Item 8 of the Office Action correctly concedes that "*Shkedy* or *Carlton-Foss* do not disclose uploading supplier catalogs that are digitally included, the catalog with search features and may be organized by categories." In fact, neither *Shkedy* nor *Carlton-Foss* include any of these three cited features of new Claim 22 (former Claim 17). Nor do either *Shkedy* or *Carlton-Foss* disclose any of the further features of new Claim 22 (former Claim 17), including: (a) digitizing goods and/or services data from non-digitally provided catalogs of authorized suppliers; (b) creating a single, unified, digital catalog from all supplier catalog data; and (c) augmenting such data with: (i) universal product classification scheme; and also with (ii) prior-order data of the government or entity, including quantities purchased and lowest price paid for each item in the preceding year-from-date.

In fact, the *Shkedy* invention, designed for bidding by potentially myriad vendors, cannot and does not call for data extraction form vendor catalogs. Instead, its "item database" is really just a system of categories and specifications listed purely for identification of what is being ordered by a buyer (citing, e.g., "ceiling price" willing to be paid by a specific buyer) (Col. 10, lines 26-32). Confirming this view of this very terse mention of this "item database", *Shkedy* further states that buyers may add items to the database. That is not truly a catalog, but merely a self-composed, categorized selection list. Especially in view of the limitless, and likely very large number of vendors in the seller database of *Shkedy* (no authorization of seller required), the *Shkedy* model of e-purchasing is not adapted to, but in fact teaches away from the unified catalog construction in the present invention, comprised of data provided by authorized suppliers.

Although *Carlton-Foss* alludes to recent prior art involving seller sites in the Internet including a description of given goods and services for sale (Col. 2, lines 22-25), these are independent, rather than a unification of various sellers' catalog data. Such single-seller sites (obviously not offering a reverse-auction) inherently teach away from the unified e-catalog method in new Claim 22.

Carlton-Foss, on its own methodology, teaches even farther away than *Shkedy* in this regard. *Carlton-Foss* does not even include an item database (see: Col. 5, lines 44-49) or any categorized list to choose from at all, but simply allows entry of a requisition of item(s) by buyer's identification and description of such items 'from scratch'. (Col. 3, lines 45-50). As one might well expect from the lack of any universal product identifier or any consistent categorization, in *Carlton-Foss* it is necessary to compare such individually drafted descriptions/"specifications" by buyers with bids that are placed in response thereto. *Carlton-Foss* does this by employing a "bid-item evaluator", which requires manual review by a "team of experts" to assure that request and bid match. (Col. 8, lines 1-9, 12-19). This clumsy and inefficient process inherently teaches away from the unified catalog method in new Claim 22 of the present invention.

2. *Chiasson* Does Not Disclose New Claim 22 (Former Claim 17 As To Constructing An E-Catalog For Requisitioner Use.

a. *Chiasson* Does Not Teach The Office Action's Incorrect Assertion Of "Uploading Supplier Catalogs That Are Digitally Included."

The Office Action, Item 8, page 7, asserts incorrectly that "*Chiasson* discloses uploading supplier catalogs (para. 0064, 0066) that are digitally included,.... (para. 0085)...." None of these three references in *Chiasson* support that assertion.

Paragraph 0064 simply has nothing to do with e-catalog construction or use. Instead, the "shopping service module" described there just includes categories of goods and services. As Paragraph 0010, lines 11-12 makes clear, the information accessed through navigation into any given category, and selection of any given item therein is actually located at a specific merchant's own Web site ("information available at a merchant site"). See also: Paragr. 0012, lines 3-5" "....items offered at a plurality of merchant sites linked via a network that the user can navigate with the browser so as to access merchant sites." This is not an e-catalog, even only of all of the goods and/or services of any single merchant, but rather, *via* 'hot link' to that merchant's Web site, is only that Web site itself, and whichever of that merchant's goods and/or services the merchant has chosen to display and describe in that merchant's Web site. In short, the "shopping service module" of Paragr. 0064 is nothing but an electronic referral service to various merchants' Web sites.

Paragraph 0066, also cited by the Office Action on this point, does concern e-catalog construction. However, that description of e-catalog construction not only fails to support the aforesaid Office Action assertion of digitally uploading supplier catalogs, it refutes it. Paragr. 0066 reveals that the

Chiasson e-catalog method is solely driven by the "user"(comparable to the requisitioner herein), who must manually enter items one-by-one into a personal catalog by filling out a "template" of information about the item. ("Templates are the means by which a user enters items into his or her e-catalog......" Paragr. 0066, lines 1-2. Accord: Paragraphs 0075-0077.) At the latter reference, it is disclosed that such information is simply first found by the user at the Web site of a merchant, and entered in to that single-item template by such manual means as typing, dragging-and-dropping, copying, or direction by voice commands. (Paragr. 0075, lines 7-10). None of this involves a merchant's complete catalog (as opposed to its Web site), or any digital uploading of any data at all.

Paragraph 0085 does not address e-catalog construction, but only manner of its use. This will be discussed where pertinent, *infra*.

In fact, *Chiasson* does not have any method of digitally uploading supplier catalogs, or of including such whole catalogs of various suppliers by any means in a combined e-catalog, such as is described in Claim 22 (former Claim 17) of the present invention. Although *Chiasson* speaks of construction of an "e-catalog", its method of construction of, and the nature of what it calls an e-catalog are entirely different from the method and e-catalog produced by the present invention, as just seen. This reason alone, *Chiasson* does not disclose new Claim 22 (former Claim 17).

b. Other Elements Of The Method Of New Claim 22 For E-Catalog Construction And Use Are Not Suggested By *Chiasson*.

As just discussed above, contrary to the present invention, Claim 22, Methods (a) and (b), *Chiasson* does not request or receive digital uploads of catalogs from any merchants (appropriately confined to catalogs of "authorized suppliers" in the present invention; see: Claim 22, Method (a)). Further, although *Chiasson* presents a method of manual entry of data on goods and services of merchants, that data is viewed and manually entered from links to Web sites of various merchants (Paragrs. 0012, 0075). Moreover, *Chiasson* calls only for manual entry of only specific items selected by a specific user, and requires use of a blank template for each item thus selected, and a creation of categories at the discretion of individual users. In contrast, in the present invention, non-digital catalogs of all "goods and/or services regularly offered for sale" (new Claim 22, Method (a)) are received and digitized by central purchasing authority personnel. (*Id*, Method (b); Specification, Section K.II.I., p. 36, lines 17-20). This allows such manually received data to be combined with data from other merchant catalogs provided digitally.

The resulting, unified catalog thereby created (Method (c)) contains all goods and services of all authorized suppliers, organized by a uniform system of categorization keyed to a universal classification

system for each item, and includes a topical table of contents and index. In contrast, the *Chiasson* invention includes only a search function, inherently requiring a user to know the exact search parameter verbiage, either as used by a given merchant, or which was created by the user when entering the item manually, to successfully achieve a match, and thus finding the item searched for (Paragr. 0079, lines 11-17).

Because the unified catalog created by the present invention contains all goods and services data from all authorized suppliers, and bears a single organization, all of the requisitioners of the purchasing government or entity view the same items, and by identical organization. *Chiasson*'s omission of any uniform organization, instead allowing individual buyers to create categories that suit their own tastes may be suitable for the unrelated individuals projected as its myriad buyers. However, it teaches away from the uniformity required for reasonable, consistent requisitioning decisions in governments or in entities of similar size and organizational complexity.

Last, the e-catalog constructed in the present invention is augmented as to each good or service with further data on purchases within the latest year from a database of prior orders, including quantities purchased and lowest price then paid for each good or service (new Claim 22, Method (c)). This added data is of considerable use to requisitioners, both as to likely budgetary impact of the projected requisition, and also as to the recent, aggregate level of selection of any good or service by all requisitioners in the government or entity, allowing an inference as to suitability of the item under consideration. *Chiasson* contains no such database, and neither contains nor suggests any such method of addition of such further data as to recent purchasing history among various users, as to specific items. Indeed, because *Chiasson* is designed for individual users, rather than for requisitioners in a government or entity, no such sharing of aggregate purchasing history is possible without legal waivers of privacy not disclosed in *Chiasson*. Hence, by its design, *Chiasson* teaches away from such common database sharing of aggregate purchasing history, as provided by the present invention.

For these additional reasons as well, it is clear that *Chiasson*, lacking suggestion or disclosure of these elements of new Claim 22 (former Claim 17), does not render that claim obvious.

3. Combination Of Shkedy, Carlton-Foss, And Chiasson, As Suggested In Office Action Item 8, Still Does Not Suggest All Cumulative Methods Of New Claim 22 (Former Claim 17), And Hence Does Not Render It Obvious.

As discussed in Subsections E.1. and E.2., immediately *supra,* none of the three references (*Shkedy*, *Carlton-Foss*, or *Chiasson*) contain or suggest all of the cumulative methods of new Claim 22 (former Claim 17), as to e-catalog construction and use.

In order to render a claimed invention obvious, a combination of references must teach or suggest all of the limitations of the claim (including all methods inherently cumulative in that claim). *MPEP* Section 2142, p. 2100-124. A comparison of *Shkedy*, *Carlton-Foss*, and *Chiasson* reveals that at least some of the methods, including, where pertinent, their limitations, as set forth in new Claim 22 (former Claim 17) are simply not taught or suggested by any of those three references.

The most substantial of these omissions is the lack of provision for, or suggestion of digital upload of authorized supplier catalogs, as specified in Subsection E.2.a., *supra*, notwithstanding the incorrect assertion in Office Action, Item 8. *Chiasson* actually does not have any method of digitally uploading supplier catalogs. Individual goods and services listed at any merchant's Web site must be manually entered one-by-one by any user of the *Chiasson* system. *Chiasson* bears no suggestion of alternative upload by digital, rather than manual means, or separately, of upload of an entire catalog at once. *A fortiori*, *Chiasson* does not suggest digital upload of whole catalogs of merchants (as "authorized suppliers" in the present invention).

At this juncture, it must be pointed out that the Office Action, Item 8, is in error in its assertion that "*Chiasson* teaches efficiency of using an uploaded catalog in place of looking at multiple web sites. (para. 0004)." While that reference does discuss the inefficiency of looking up multiple Web sites for simultaneous purchases from multiple vendors, it does not mention any "uploaded catalog." Since the *Chiasson* invention does not upload any catalog, but instead relies on manual entry of single items of goods or services by a user, no inference of the kind asserted by the Office Action is possible.

By the same token, Subsection E.1., *supra*, has already pointed out that the Office Action, Item 8 itself admits that neither *Shkedy* nor *Carlton-Foss* contain or teach any such digital upload of merchant catalogs. In fact, *Shkedy* teaches away from the present invention by utilizing instead only categorized selection lists of types of goods (Col. 10, lines 26-32), not an actual catalog, unified or otherwise, to which a user may add items as well. *Carlton-Foss* teaches away from the present invention by teaching of access to various sellers' respective Web sites (Col. 2, lines 22-25), as opposed to unification of catalog data on all goods and services of all participating sellers. In the absence of any universal product identifier system as to goods and/or services, *Carlton-Foss*'s further need for review by "a team of experts" to ensure a match between what is requested and what a merchant offers teaches even further away from the unified e-catalog comprised of digitally uploaded catalogs of authorized suppliers.

In sum, since none of the three cited patents, *Shkedy*, *Carlton-Foss*, or *Chiasson*, suggest or teach any methods or portions thereof that can be combined to comprise digital upload of catalogs of suppliers, Methods (b) and (c) of new Claim 22 are not rendered obvious by combination of those three patents.

Chaisson also fails to include or to teach these further methods and facets of the present invention:

- "(R)eceiving manually all catalogs provided non-digitally, and thereupon digitizing at least all textual data as to goods and/or services in the non-digitally provided catalogs." (new Claim 22, Method (b)). *Chiasson*'s method of manual entry by an individual user (comparable to a requisitioner herein) of a single-item-per-entry does not suggest this method of new Claim 22. In the present invention, such digitizing is done instead by central, purchasing authority personnel (Specification, Section K.II.I.), using OCR digitizing software to the extent possible. It is the entire catalog of goods and services that is thus digitized, rather than single items deemed to be of interest to any particular requisitioner. The data thus digitized is then united with data from digitally uploaded catalogs of other authorized suppliers (and with any digitally uploaded catalogs of the same supplier) (new Claim 22, Method (c). Lacking digital upload method, *Chiasson* cannot achieve this. Section E.2.b., *supra.*
- - The topical table of contents, index, and universal classification system for goods and services employed by Method (c) of new Claim 22 (former Claim 17). *Chiasson* solely relies instead upon a search feature that can find only verbatim matches to verbiage used by a merchant or by a user when entering the item earlier. Section E.2.b., *supra.* Instead of a universal classification system, *Chiasson* allows each user to create his or her own categories for items manually entered into a personal e-catalog. This teaches away from the uniformity required by a government or other large entity, with myriad requisitioners, and which is provided by the universal product classification scheme of the present invention. Section E.2.b., *supra.*
- - "(A)dding data extracted from a database of prior orders including lowest price actually paid for , and quantity purchased by the government or entity overall of each good or service, within a calendar year immediately preceding current consultation of said unified, digital catalog" (Method (c) of new Claim 22). This key data, of use in judgments by requisitioners of budgetary impact and appropriateness of a given good or service under consideration is simply not added in by *Chiasson*, which actually teaches away from this technique by its design for individual users, rather than for governments or other large entities. (Section E.2.b., *supra*).

Distinctly, none of these three elements of new Claim 22 herein are taught or suggested by anything in either *Shkedy* or *Carlton-Foss*. (See Section E.1., *supra.*)

Because neither digital upload of supplier catalogs nor any of the further three elements of new Claim 22 just described have been suggested by anything in *Shkedy*, *Carlton-Foss*, or *Chiasson*, there is

no possible combination among them that can render obvious all of the methods in new Claim 22. Therefore, Claim 22 is patentable, over *Shkedy*, *Carlton-Foss*, and *Chiasson*.

F. Method (a) Of New Claim 20 (Former Claim 4), Addressing Digital Pre-Authorization Of Requisitions, Is Patentable Over The Combination Of *Shkedy* And *Basch et al*, Asserted At Office Action, Item 9.

1. Introduction

This point is similar to Section C, *supra*, addressing Office Action, Item 7. Item 7 asserted a combination of *Shkedy* and *Carlton-Foss*, and also mentioning *Basch et al* (without explanation) as purportedly rendering former Claim 5 unpatentable. Likewise, Office Action, Item 9 raises a similar contention of obviousness against former Claim 4, this time citing a combination of *Shkedy* and *Basch et al*. Former Claims 4 and 5 are now both subsumed respectively as methods (a) and (b) of new Claim 20. Both set forth methods of requisition review and potential approval.

Method (a) (former Claim 4), considered here, does so automatically and purely digitally. The authorization criteria in this method are based on "budgetary spending limits for each current fiscal period for each administrative unit" (Method (a)(1), and other factors set in advance, limiting requisition authority, both per-requisition and per-fiscal period, of both each requisitioning unit and each requisitioner, both by amount, and on types of goods and services that can be requisitioned. Because these criteria are all known in advance for any given fiscal period, this automated digital method is referred to as "pre-authorization" of requisitions *(Ibid)*, even though the determination as to such 'pre-authorized' status is not made until a given requisition is placed.

Method (b) is invoked if authorization for a given requisition is denied under Method (a). Method (b) allows such "specific-case" requisition authorization at either of two steps. The first, Method (b)(1)-(4), again purely digital, is based on pre-set criteria set to allow a standardized level of 'leeway' for requisitions only modestly out of the bounds imposed by the criteria of Method (a). The second (Method (b)(5) is a manual review by the central purchasing authority of requisitions not authorized either under Method (a) or under the 'automatic leeway' digital process of Method (b)(1)-(4).

As to Method (b) of new Claim 20 (former Claim 5), Office Action, Item 7, conceded that "*Shkedy* does not disclose a manually reviewing the requisition and manual override." Office Action, Item 9, now similarly concedes that "*Shkedy* does not disclose: determining, entering, recording, and

comparing spending limits and granting/denying authorization according to the limits;....", as to Method (a) of new Claim 20 (former Claim 4). This pair of concessions, taken together, add up to concession that nothing in *Shkedy* suggests or teaches either Method of new Claim 20. This lack of nexus between *Shkedy* and new Claim 20 (former Claim 4 and 5) will be mentioned again in the context of examining the reality, or lack thereof, of any combination of *Shkedy* and *Basch et al* to block former Claim 4 (new Claim 20, Method (a)).

Carlton-Foss, cited in Item 7 as part of the combination as to former Claim 5 (new Claim 20, Method (b) (and refuted in Subsections C.2 and 4., *supra*), is noted as not cited in connection with Method (a) of new Claim 20 (former Claim 4). Hence, it is not further addressed here.

2. The Cited Reference To *Basch et al* (Col. 1, Lines 48-62) Does Not Teach What Office Action, Item 9 Asserts As To New Claim 20, Method (a) (Former Claim 4).

The Office Action, Item 9 asserts that "*Basch et al* discloses: determining, entering, recording, and comparing spending limits and granting/denying authorization according to the limits (col. 1, lines 48-62),...." However, neither that specific reference nor *Basch et al* more generally disclose or teach that proposition, as it is understood in connection to the present invention.

The reference cited by the Office Action commences with this prefatory explanation: "To minimize losses, account issuers have constantly been searching for ways to predict in advance accounts and/or account holders who are at risk for credit default and/or fraud." (*Basch et al*, Col. 1, lines 48-51). Further, Col. 1, lines 51-60 of that reference describe creditworthiness determinations for an amount of credit applied for, including examination of credit report data on "satisfactory credit history, adequate income, reasonable debt-to-income ratio, and the like." The issue, as described by *Basch et al*, Col. 1, lines 60-62, is "whether the applicant should be approved for the credit account and what the appropriate credit limit should be." (emphases supplied).

None of the text in that specific reference supports the above assertion by Item 9 of the Office Action, or even refers to authorization, digital or otherwise, of a requisition on criteria of "budgetary spending limits", including "as to any given requisition", or of judgments of appropriate use of requisitioning ("types of goods that may be requisitioned by each authorized requisitioner", new Claim 20, Method (a)(1)).

On the contrary, the underlined portions of the above, specific *Basch et al* reference all concern extensions of credit, with an eye to possible "credit default or fraud." No extension of credit is involved

in new Claim 20 herein. No "credit report" or other information from any other source external to the government or entity is consulted by Claim 20, unlike *Basch et al, ibid.* The *Basch et al* factors, "satisfactory credit history, adequate income, reasonable debt-to income ratio, and the like" (*Ibid*) are not used, and inherently have no place in the digital determination of "pre-authorization of certain requisitions" in new Claim 20, Method (a). In sum, this *Basch et al* reference does not address the budgetary and purchase appropriateness considerations of the limits on the requisitioning authority of specific requisitioners that are the subject of new Claim 20, Method (a) (former Claim 4), but rather the foregoing completely different considerations for grant or denial of credit.

A review of other excerpts from *Basch et al* more generally confirms this fundamental distinction. The *Basch et al* Abstract confirms that the *Basch et al* invention is a "method for predicting financial risk" that forms a credit "score" for the debtor based on data pertaining to transactions on multiple credit accounts from different credit issuers. (Accord: *Basch et al*, Col. 5, lines 46-61: "financial risk score"; Col. 1, lines 16-18: "assess the financial risk level associated with an account and/or an account holder.") There is no examination of credit transactions herein; no such credit transactions are involved in the present invention. *Basch et al* (Col. 3, lines 60-62) then includes "transmitting, if [this trans-accounts, financial risk] score is below a predefined financial risk threshold, the score to an account issuer…." Again, in the absence of credit, no multiple credit accounts, or any credit account issuers are involved in the present invention at all. Moreover, this method of *Basch et al* highlights that the scoring is done by a <u>separate</u> entity that itself serves as a credit reporter, advising such (potentially multiple) credit issuers. No such external reporter, or multiple recipient governments or entities are involved in the present invention.

Altogether then, neither the specific *Basch et al* reference cited in Office Action, Item 9, nor anything else in *Basch et al* generally teaches Method (a) of new Claim 20 (i.e., former Claim 4), or even the inaccurate description of it quoted from Office Action, item 9, at the outset of this Subsection.

3. *Basch et al* Actually Teaches Away From New Claim 20, Method (a) (Former Claim 4).

As pointed out in detail in the immediately preceding Subsection F.2., incorporated herein by this reference, *Basch et al* teaches one third-party making creditworthiness determinations, based on another third-party's credit reports containing credit analysis factors, such as "satisfactory credit history, adequate income, and reasonable debt-to-income ratio" (Col. 1, lines 59-60). Those determinations are used in decisions to grant or deny credit. Credit, and hence such creditworthiness determinations are not used at

all by the present invention. Instead, new Claim 20, Method (a), operated internally by the government or entity, determines budgetary spending limits, and sets a monetary limit per requisition, and grants pre-authorized requisition privileges by each authorized requisitioner. The latter privileges include limits on requisitioning comprised of both a requisitioning budget and specification of only certain types of goods and/or services which can be requisitioned by a given requisitioner. Such limits on automatically pre-authorized requisitions ensure that requisitioning remains within bounds that will not overrun allocated budgets for any given administrative unit, and ensure that no requisitioner may requisition either more than his or her area of responsibility requires, or items not needed for fulfillment of such responsibility.

Hence, the *Basch et al* concern with credit default and credit fraud are not involved. By ensuring adherence to budgets and appropriate purchasing, the present invention avoids need for unnecessary resort by a government or entity to credit at all. *Basch et al* thus teaches away from Claim 20, Method (a) of the present invention.

4. ***Shkedy* And *Basch et al* Combined Neither Disclose Or Suggest New Claim 20, Method (a) (Former Claim 4).**

In the immediately preceding two subsections, we have just demonstrated that *Basch et al* itself neither discloses nor teaches new Claim 20, Method (a). Moreover, Subsection F.1., *supra*, indicates the Office Action's concession that the particular aspects of new Claim 20, Method (a) recited there are <u>not</u> disclosed by *Shkedy*. Accordingly, Claim 20, Method (a) is not disclosed by the references of Office Action, Item 9.

Moreover, nothing about the combination of *Shkedy* and *Basch et al* would suggest Claim 20, Method (a).

As described above, *Basch et al* involves only creditworthiness determinations, resulting in a calculated score for a given debtor ("account holder"), reported to credit issuers of that account holder who are, or may soon be contemplating approving a request for further credit by that account holder. Nothing in *Shkedy* concerns extension of credit. Indeed, *Shkedy* does not contain any method for requisition authorization such as that in Claim 20 herein . There is thus no basis for combination of *Basch et al* with *Shkedy* at all, nor is any reason for such combination advanced by Office Action, Item 9.

Unlike the present invention, *Shkedy*, as pointed out in Subsection III.A.2.a., *supra*, is operated by a <u>third-party</u> ("intermediary") and pools orders placed by <u>multiple</u> (potentially myriad) <u>individual buyers</u> (a "plurality of buyers", Col. 3, lines 40-41). As such, it has <u>no interest</u> in the <u>appropriateness</u> of what

each individual buyer decides to buy, or in the budget of such a given buyer. It cares only that payment is made.

At closest to *Basch et al*, *Shkedy* can take payment *via* credit card. However, this process verifies that the purchase is within the credit card limit (Col. 14, lines 54-56), but has no interest beyond this in the impact of the purchase in question on the future creditworthiness of that individual. Hence, it does not stand as logical that *Shkedy* and *Basch et al* would be combined at all.

Moreover, because of the respective disparities of *Shkedy*, and of *Basch et al* from the present invention, it is far more clear that any such combination of *Shkedy* and *Basch et al* would remain one concerning creditworthiness for purchases, and not instead evolve into any method similar to Method (a) of Claim 20 of the present invention, addressing automatic, digital pre-authorization of requisitions, based on budgetary and appropriateness-of-requisition concerns. Therefore, no plausible combination of *Shkedy* and *Basch et al* suggests new Claim 20, Method (a).

G. Method (a) Of New Claim 21 (Former Claim 15, Re-Written), Addressing Analysis And Reporting Of Procurement Data And Requisition Patterns, Is Patentable Over The Combination Of *Shkedy* And *Basch et al* Asserted At Office Action, Item 9.

1. Introduction

Office Action, Item 9 continues, again raising the asserted combination of *Shkedy* and *Basch et al*, in this instance to contend that former Claim 15 is obvious. Former Claim 15 has been re-written by Amendment B, *supra*, now comprising Method (a) of new Claim 21, and hence, this objection will be refuted in terms of new Claim 21, Method (a).

As pertinent to this Subsection G., Office Action, Item 9 concedes that "*Shkedy* does not disclose... procurement data analyses including recognizing aberrant patterns, ordering, and behaviors." (page 8), but it asserts (*Ibid*) that *Basch et al* does so, citing Col. 5, lines 46-60. Adding a clarifying phrase, Office Action, Item 9, at page 9, summarizes its assertion as to this combination by stating: "It would have been obvious to one with ordinary skill in the art to include procurement data analyses including recognizing aberrant patterns, ordering, and behaviors for the purposes of fraud detection." (emphasis supplied).

In refutation, exactly what *Basch et al* truly discloses in regard to Claim 21, Method (a), and the lack of suggestion of Claim 21, Method (a) by this asserted combination will be addressed, immediately *infra*, in that sequence.

2. Neither The Cited Reference To *Basch et al*, Col. 5, Lines 46-60, Nor *Basch et al* Generally Teach New Claim 21, Method (a).

Nothing about the cited reference to *Basch et al* (Col. 5, lines 46-60) teaches the substance of new Claim 21, Method (a), "of procurement data analyses, requisition pattern recognition, and reporting to said central purchasing authority, and to requisition unit chief officials" (Method (a)). Instead, *Basch et al*, Col. 46-60, describes "financial risk prediction techniques" based on analyses of "scoreable transactions across accounts and/or account issuers.... (T)he invention advantageously assesses... scoreable transactions pertaining to an account holder across different accounts and/or account issuers and analyzes those scoreable transactions to generate a consolidated, i.e., account-holder-level, financial risk score." In other words, *Basch et al* assigns a score of creditworthiness to an account-holder based on all of his or her credit accounts. Although apparently selected for its inclusion of "analyses" and "pattern", *Basch et al*, from this very passage itself, clearly does not even remotely address the matters that are the subject of Claim 21, Method (a) of the present invention.

This conclusion is confirmed and detailed by the immediately preceding passages in *Basch et al*, Column 5. Lines 9-16 thereof explain that "scoreable transactions represent events pertaining to an account and/or account holder that impact the financial risk level of that account and/or account holder. Examples of scoreable transactions include, for example, authorization requests for purchases of goods or services made on credit, clearing and settlement transactions between merchants and account issuers pertaining to one or more accounts, account-issuer-supplied account records, public records, and the like."

In this light, the meaning of "financial risk level" and of a "scoreable transaction pattern are both illustrated in Col. 5, line 30-41: "(S)coreable transactions are further analyzed to ascertain a scoreable transaction pattern. The scoreable transaction pattern ascertained is then scored to assess the financial risk level of a particular account and/or account holder. If, for example, the scoreable transaction pattern reveals a spending pattern suggestive of a high likelihood of bankruptcy, credit loss, or fraudulent usage, an appropriate financial risk score may be sent to subscribing account issuer(s) to enable those account issuers to take steps to protect the credit lines (e.g., refusing to authorize additional purchases until an investigation is undertaken)."

In contrast, Claim 21, Method (a) of the present invention is not concerned with "transactions", patterns of transactions, or "spending ", as such, but rather only with patterns of requisitioning. Moreover, that focus on patterns of requisitioning has nothing to do with the *Basch et al* concerns of "financial risk level", or its component likelihoods of "bankruptcy" of "credit loss", or of credit at all, much less its "fraudulent usage", since requisitions in the present invention never use credit.

The foregoing confirms that *Basch et al* is solely concerned with grant, denial, monitoring, revocation, or suspension of credit, and engages in analysis of credit-relevant factors to arrive at a score, which is then reported to credit issuers for whatever action as to credit may be apt under the circumstances thus scored. None of this is the concern of Claim 21 of the present invention.

Instead, one of the goals of Claim 21, Method (a) is to ensure that requisitioning remains within the range reasonably expected to allow each administrative unit of the government or entity to properly fulfill its assigned function, while preventing requisitioning deemed to stray qualitatively, or to exceed quantitatively those reasonably expectable patterns and ranges, without requiring satisfactory explanation of an exceptional, but valid need (per Method (b) of Claim 20, as discussed *supra*). Thus, this goal or Claim 21, Method (a)(2)(a) can be summed up as fostering efficiency and preventing waste, not the *Basch et al* goal of preventing losses to credit issuers.

The other analytical aims of Claim 21, Method (a), at Method (a)(2)(b) and (c), are, respectively, "(b) to determine in what ways and to what extent procurement expends sums budgeted and/or affects budgeting levels or the budgeting process; and (c) to report comprehensively on all fiscal effects of, and trends of procurement by said government or entity as a whole." It is immediately apparent that the forms of analysis pursuant to these remaining two goals have nothing whatsoever to do with the credit issuer protection goal of *Basch et al.*

In light of the foregoing, fundamental differences, *Basch et al* does not teach anything in new Claim 21, Method (a), much less all of its limitations.

3 Claim 21, Method (a) Is Not Suggested By The Asserted Combination Of *Shkedy* And *Basch et al.*

As has been seen above, (a) *Shkedy* is conceded not to teach the substance of Claim 21, Method (a); and (b) *Basch et al* does not in fact teach Claim 21, Method (a) either. Therefore, no combination of *Shkedy* and *Basch et al* suggests Claim 21, Method (a).

Furthermore, *Shkedy*'s configuration for individuals as buyers and its use of a third-party intermediary have already been described in detail. (See Subsection III.A.2.a.) That configuration has no interest in any requisition process, given its focus on myriad, separate individual buyers, and its functions that commence only with placement by the buyer of a "PPO" that would follow any requisition process. The *Shkedy* system never even knows of any preceding requisition process, and has no data of the buyer as to any history of such requisitioning. Accordingly, no motivation toward combination appears from

Shkedy, with any goal of providing analyses of procurement data to any unit of a requisitioning government or entity. .

Likewise, because *Basch et al* is concerned only with preventing losses on the part of credit issuers, it provides no motivation for combination toward that same aim of providing such procurement analysis to a requisitioning government or entity.

Therefore, Claim 21, Method (a) cannot be deemed to be suggested by any combination of *Shkedy* and *Basch et al.*

H. <u>Method (c) Of New Claim 19 (Former Claim 7), Addressing Inventory Minimization Before Purchase, Is Patentable Over The Combination Of *Shkedy* and *Sage* asserted at Office Action, Item 10.</u>

1. Introduction

The Office Action, Item 10, (at page 9) admits that "*Shkedy* does not disclose requisition fulfillment from warehoused stock-on-hand and processing of unfulfilled balance by way of purchase." However, Item 10 (*ibid*) asserts that *Sage* does so. Hence, *Sage* is the subject of focus in the following discussion.

2. The Present Invention Pre-Dates The *Sage* Disclosure, And Hence Cannot Be Deemed Obvious Under *Sage* In Any Event.

Because *Sage* is a United States patent, its disclosure date, for obviousness analysis purposes, is the date of application. The *Sage* patent application was filed on June 7, 2000. The Affidavit of James L. Wegner, accompanying this reply, clearly indicates Attorney Wegner; receipt on May 12, 2000, of the Specification of the provisional patent application, from which the present, regular patent application stems. Therefore, the original Specification of the present invention was in existence before the filing date of *Sage*. Because of this, *Sage* cannot support any combination that could render any portion of the present invention obvious.

3. Sage Does Not Disclose Method (c) Of New Claim 19 (Former Claim 7), As To Inventory Minimization Before Purchase.

Sage is a method to be employed by sellers, not by potential buyers. The cited *Sage* references confirm this fundamental distinction clearly by describing both the problem for sellers, and the seller's solution that comprises *Sage*. At Col. 3, lines 25-30, *Sage* complains that goods that remain in inventory of any supply-chain seller will typically "begin to affect the 'bottom line' of profit for any particular supplier, manufacturer, or distributor (as shown in Fig. 1). Fig. 1 shows a graph of the profits recognized by vendors as an inventory of goods ages." Citing the seller's need to reduce prices in order to reduce inventory, *Sage* (Col. 3, lines 35-42) thus describes the problem addressed by the *Sage* invention as being that "goods in inventory that have exceeded a desired time period or have an excess inventory age are an increased liability to suppliers, manufacturers, and distributors and typically are better priced for consumers." This, of course, is of no concern to consumers, who, choosing to buy 'overaged' inventory goods not subject to spoilage, in fact reap a windfall from such poor inventory management by a manufacturer, distributor, or immediate-supplier.

The seller's problem thus addressed by *Sage* is not at all relevant to the entirely distinct problem a buyer, including a government or similar-size entity, faces when inventory previously acquired through purchasing remains on hand, at least somewhere among the warehouses of that government or entity, at the time a requisition is placed for purchase of exactly the same item as already is retained inventory.

In contrast, the general observation in *Sage*, Col. 3, lines 25-52, of profit diminution with increasing inventory age is exclusively a seller's consideration. The present invention instead calls for inventory minimization on the buyer's part.

In sum, the third paragraph of Item 10, which asserts that "*Sage* discloses requisition fulfillment from warehoused stock-on-hand and processing of unfulfilled balance by way of purchase," does not follow from *Sage*, Col. 3, lines 25-52 at all, since that quotation from Item 10 speaks instead of buyer action to consume stock-on-hand in preference to purchase, although nothing in *Sage* mentions any such buyer action. Indeed, since *Sage* suggests buyers buying more when prices are lowered, it actually teaches away from buyers reducing inventory by refraining from purchasing. The additional *Sage* reference to Col. 5, lines 5-20 confirms this, offering alternatives of automatic price reductions by sellers, or bidding by buyers for overaged inventory. Again, all of this reference speaks of consumers buying aged inventory , not of preferential use by any buyer of goods already held in the buyer's inventory, before any further purchases of identical goods, as in the present invention.

Therefore, *Sage* simply does not disclose new Claim 19, Method (c) of the present invention.

4. Especially Because *Sage* Teaches Away From The Present Invention, No Combination Of *Shkedy* And *Sage* Is Appropriate As To Buyer-Inventory Minimization, Nor Would Any Such Combination Render Method (c) Obvious.

It has already been shown that *Sage* is solely an invention for the benefit of those who manufacture and sell goods. The last preceding Subsection H.3. demonstrated not only that *Sage* has no utility for a buyer seeking to minimize his/her/its inventory, but more critically that, by inducing <u>further</u> purchasing through lower-price incentives to buyers, *Sage* actually works <u>against</u> that buyer-inventory minimization aim. As concluded above, this fundamental point reveals that *Sage* teaches away from the present invention.

For this reason, it cannot reasonably be maintained that *Sage* would present itself as an obvious combination to any <u>buyer's</u>-side procurement invention, such as *Shkedy*.

Moreover, even assuming, strictly *arguendo*, that <u>any</u> combination of *Sage* with *Shkedy* were obvious, it is even more pronounced in light of the foregoing that nothing about such a combination would arrive at the buyer-inventory minimization Method (c) of new Claim 19 (i.e., former Claim 7). As the Office Action itself, at Items 7 and 9, respectively, pointed out, *Shkedy* does not even address "determining entering, recording, and comparing spending limits and granting/denying authorization according to the limits", or manual review and possible override approval of any requisition. Item 13 of the Office Action (addressed *infra*) further concedes that "*Shkedy* does not disclose predicting future procurement patterns, reporting conclusions and recommendations, with reminders and prompts for : checking stock/overstock levels." More generally, *Shkedy*, as has been discussed at length, *supra*, is a <u>third-party</u> operated reverse-auction system that is designed for <u>myriad</u> potential buyers. Pooling of individual buyers' orders is the centerpiece of *Shkedy*, wherein the only pre-condition is a buyer's willingness to commit to a 'ceiling price' for the good or service governed by the pool. There is no consideration or concern in *Shkedy* as to whether any given buyer already has any identical goods of that type, or more generally whether purchase of the good in question is apt for the buyer.

Under such circumstances of *Shkedy*, there would have been no motivation, as to any combination of *Shkedy* and *Sage*, to provide a method of buyer-inventory minimization by screening each requisition for any matching item in the buyer's extant inventory, before allowing a purchase in the absence of same, as does Claim 19, Method (c) of the present invention. Therefore, this method is not obvious under any combination of *Shkedy* and *Sage*.

I. New Claim 23 (Former Claim 12, Rewritten), Addressing Shipment Arrangements, Is Patentable Over The Combination Of *Shkedy* And *Hahn-Carlson* Asserted At Office Action, Item 11.

1. Introduction

The Office Action, Item 11 concedes that "*Shkedy* does not disclose authorized shippers that includes terms, conditions, and known capability." Accordingly, as in the immediately preceding section, *Shkedy* will be considered here only as it relates to the asserted combination with *Hahn-Carlson.*

2. *Hahn-Carlson* Does Not Disclose What Office Action, Item 11 Asserts.

The Office Action, Item 11 asserts that "*Hahn-Carlson* discloses authorized shippers including terms and conditions, known capability." Within the meaning of these phrases as used in new Claim 23, that assertion is incorrect in all three aspects.

The word "shipper" is not used in similar meanings, when comparing new Claim 23 herein and Hahn-Carlson. In *Hahn-Carlson*, the seller/supplier is referred to as the "shipper", while the entity actually carrying and delivering the good(s) is called the "carrier". In new Claim 23 of the present invention, "shippers" are such entities that carry and deliver goods, and the word "carrier" is not used.

This having been clarified, it now can be understood that "authorized shippers" in new Claim 23 are those firms carrying and delivering goods that have been authorized by the central purchasing authority to do so for the government or entity. Only "authorized shippers" may "view and log onto the Shipping Facility (54) (Specification, Section L.2., p. 42).

In contrast, there is no mention of authorization of "carriers" in *Hahn-Carlson*. (Note is made that the phrase "authorized carrier profile" appears at Col. 8, line 43, but merely refers to "<u>the</u> carrier". <u>*Id*</u>, line 44). Indeed, *Hahn-Carlson* is a "system for a shipment transaction involving a shipper and a carrier." (*Id*, Abstract). The <u>buyer</u> is not involved at all in *Hahn-Carlson* in any decisions as to shipment of goods purchased. (See: Col. 2, lines 60-67; Col. 3, lines 1-16.) Hence, <u>no</u> buyer authorization of any "carrier" (analogous to "shipper" in Claim 23) is required or allowed. In *Hahn-Carlson*, the seller ("shipper") simply does business with whatever "carrier" it chooses. Equally important, *Hahn-Carlson* is a system designed for use by a seller with exactly one "carrier". (Col. 1, lines 10-11; Col., 3, lines 66-67; Col. 4, line 1). *Hahn-Carlson* does <u>not</u> address use of different carriers by the seller. Use of a <u>different</u> carrier in *Hahn-Carlson* would appear to require <u>another instance</u> of the *Hahn-Carlson* system (even though, oddly,

the "carrier" could use its end of the system to maintain information about other seller-"shippers" as well. See: Col. 8, lines 48-52.)

In sum, Hahn-Carlson does not disclose "authorized shippers" (carriers) within the meaning used in the present invention.

Second, Hahn-Carlson does not mention "known capability" of a "carrier" ("shipper" herein) to "carry and deliver" a particular shipment, unlike new Claim 23, Method (b). Instead, Hahn-Carlson simply processes a shipment (Fig. 2; Col. 4, lines 31-42), without first inquiring whether the carrier can carry and deliver that shipment; that capability appears to be merely assumed. (See, e.g., Table 3, "Carrier Profile", Col. 8, lines 55-67; Col. 9, lines 1-37, which has no "column name" for a carrier's limit of delivery range, or for limits imposed by licensing, international restrictions, etc.) While in Hahn-Carlson the limits of range, etc. of the sole carrier may not be an issue. However, in the present invention, selection of one from a plurality of "authorized shippers" (i.e., "carriers") requires knowledge of the capability of that "authorized shipper" to carry and deliver that shiment. Hence, the present invention retains that data, consultation of which serves as a 'screen' to block notification of unable "authorized shippers" about that available shipment.

Third, although Hahn-Carlson obviously includes the terms and conditions as to compensation of the "carrier" for any given shipment, as stated in Office Action, Item 11, that is not the point of fundamental distinction between Hahn-Carlson and the present invention, New Claim 23(c) receives offers of shipment from "authorized shippers" as to any given available shipment, wherein such "offered terms of shipment" are included. New Claim 23(d) then determines which of any competing offers of shipment from multiple "authorized shippers" to accept, based on application of the criteria in new Claim 23(d). This effectively constitutes a competitive 'reverse-auction' bidding process itself.

In contrast, as noted above, Hanhn-Carlson involves only a single "carrier", thus eschewing competition altogether. Moreover, Hahn-Carlson, Col. 5, line 4, cites "an agreed upon rate structure" between the "shipper" and "carrier". This involves fixed rates, rather that the variable, shipment-specific bids required in the present invention. Because such shipment-specific bids may be lower, e.g., where consolidated shipments are involved, or where distributed delivery is either within a close range, or is compatible with other shipments of unrelated entities being shipped

simultaneously via the same conveyance, this shipment-specific bidding of the present invention offers an advantage of lower potential cost over the different, fixed-rate-structure Hahn-Carlson system. Indeed, in this regard, as with the preceding two factors, Hahn-Carlson's completely different approach teaches away from the present invention.

3. Hahn-Carlson Does Not Render New Claim 23 (Former Claim 12) Obvious, But Instead Teaches Away From It.

Office Action, Item 11, at p. 10, asserts that new former Claim 12 (now Claim 23, as rewritten) is obvious, "because Hahn-Carlson teaches shipping to be complicated requiring automation especially with multiple entities (Col. 1, lines 14-65)." This statement is such a glib generality that it hardly appears worthy of dispute, although it does not appear to follow from the description of background appearing at that reference. Certainly, the Examiner would not imply that any invention addressing automation of the shipping process is inherently obvious under Hahn-Carlson. The fact that problems in a given area of commerce require resolution does not of itself make a particular manner of doing so obvious.

As observed in the preceding subsection, Hahn-Carlson differs from the present invention in at least three fundamental respects:

(a) use of just one "carrier" in Hahn-Carlson, versus selection from numerous "authorized shippers" in the present invention;

(b) shipment in Hahn-Carlson is exclusively arranged between a seller-"shipper" and its "carrier", versus shipment (where not included in an authorized supplier's accepted "winning bid") arranged by the buying government's or entity's system under the present invention; and

(c) Hahn-Carlson's use of a fixed rate chart, versus shipment award by 'reverse-auction-style' winning bid under specified criteria in the present invention.

In addition, these further differences widen the gulf that separates Hahn-Carlson from Claim 23 of the present invention:

(d) Unlike the present invention, Hahn-Carlson does not actually concern the "goods transport path" (only mentioned in background as one aspect of shipment transactions generally (Col. 1, lines 16-18). Hahn-Carlson's involvement with that transport path is limited to preparation of a bill of

lading, obtaining a rate for the shipment, and tendering the shipment to the carrier (Col. 1, lines 20-21). In contrast, Claim 23 of the present invention, in posting the shipment specification for bidding by authorized shippers, may specify that only partial shipment of the goods in a given winning bid is to be carried at present, and/or may consolidate the shipment of such goods with other pending in-bound shipments, and may call for distributed delivery of any goods in a shipment (Claim 23(a)). Apart from these concerns, determination of a winning bid as to such shipping may also include considerations of specified, timely delivery, offered discounts, and/or cost-savings attainable by combination or other structuring of delivery. (Claim 23(d)).

(e) Also in contrast, Hahn-Carlson does not track the goods shipped except by the bill of lading (Col. 1, lines 22-25). In contrast, the present invention, upon notification by the shipper of delivery, digitally queries the destination (whether a requisition node, warehouse, or other repository) for confirmation of both receipt of the goods agreed to be delivered (both as to identity and quantity), and also of the good condition of said goods (new Claim 23(g)). This is an important step, since the bill-of-lading 'signature upon delivery' process practically allows only time for a very cursory inspection of goods delivered. Especially as to condition, matters may appear only on closer inspection after the delivery. The present invention assures, from the buying government's or entity's perspective, that goods received will suit the requisitioner's projected use. This in turn allows the final step, in Claim 23(h): declaring fulfillment of winning bid(s) in whole or part as to such goods in that shipment. These steps are important to a buying government or entity monitoring orders, shipments, and ultimate disposition of purchased goods. In contrast, they are of no concern whatsoever to a seller-as-shipper and its carrier, which collectively care nothing about goods once delivered.

In sum, in light of all of the foregoing sharp distinctions between Hahn-Carlson and new Claim 23 of the present invention, Hahn-Carlson neither discloses nor teaches the method in Claim 23 herein. Especially because Hahn-Carlson is based on seller-"shipper" control, rather than buyer control, and because of Hahn-Carlson's limitation to a single carrier and fixed rates, rather than many bidding carriers, Hahn-Carlson must be deemed to teach in a different direction from the approach taken in the present invention. Therefore, the present invention is not obvious under Hahn-Carlson.

4. Combination Of Shkedy Adds Nothing To Hahn-Carlson That Could Render New Claim 23 Obvious.

Shkedy, as pointed out supra, leaves the matter of shipping entirely in the hands of any given seller (see, e.g.: Fig. 10, Step 1010). Hence, Hahn-Carlson is left with no indication of any motivation to re-configure itself for shipping controlled instead exclusively by the buying government or entity, as in the present invention. Moreover, nothing in Shkedy would suggest anything as to shipping that would approximate the positions taken by the present invention in opposition to Hahn-Carlson on the rest of the fundamental distinctions described in the immediately preceding subsection. Hahn-Carlson offers nothing to support any combination beyond the mere general axiom that shipping is "complicated requiring automation....", already discussed supra. In light of the fact that neither Shkedy nor Hahn-Carlson provide for buyer-controlled shipping or award of shipping via bidding, there is no basis for any combination that would render the present invention obvious.

(Remarks continue on next page.)

J. New Claim 19, Method (j) (Former Claim 14), Addressing Procurement Accounting, Is Patentable Over The Combination Of Shkedy, Mandler et al, Hafner at al, And Jarett Asserted At Office Action, Item 12.

1. Introduction

Item 12 of the Office Action asserts a combination of Shkedy with three other patents, Mandler et al, Hafner et al, and Jarett. Item 12, at p. 11, concedes that: "Shkedy does not disclose reconciling invoices, release rules and spreadsheet." Item 12 asserts that combination with all of the other three patents adds these disclosures. The question of veracity of such respective, additional disclosures is first examined below. The validity of the asserted combination will then be examined.

2. While Mandler et al Mentions "Reconciling Invoices", The Mamdler et al Invention Is So Disparate From The Present Invention, And The Motivation To Combine Toward "Electronic Settlement" So General, That Combination Of Shkedy And Mandler et al Does Not Teach Element (4) Of New Claim 19, Method (j).

Mandler et al does mention "reconciling invoices" (Col. 5, lines 2-5). However, that mention discusses avoiding a need on the part of a buyer (here, the government or other entity) to do so by reason of the "system" and "method" (Col. 4, lines 63-67; Col. 5, lines 1-5) of the third-party "clearinghouse," (Col. 3, line 35), or of the third-party "broker" (Col. 3, lines 65-67; Col. 4, line 1) in an alternate embodiment. The present invention, in contrast, is operated by the buying government or entity itself, without any third-party.

This is only the first of three profound distinctions from the present invention. The Mandler et al Abstract summarizes the other two fundamental differences:

(1) The Mandler et al system is for "sellers and buyers having no previous relationship with each other." Here, in contrast, only authorized suppliers may bid in the reverse-auction, implying at least the previous contact involved in the supplier approval process.

(2) In Mandler et al, the main function is that, upon receiving the buyer's request for goods or services, the financial clearinghouse makes "a real-time determination of a risk classification of the buyer.... The financial clearinghouse determines a risk-based discount fee as a function of the buyer's risk classification in order to establish a payment amount to the seller from the clearinghouse...." In sum, there is no reverse-auction in Mandler et al. Items are simply bought at listed prices. The present invention is reverse-auction-based and, because it is operated by the government or entity itself, it has no concern over its own credit risk classification. (Contrast: Mandler et al, Col. 1, lines 8-13.)

Separate from these general, fundamental distinctions, Mandler et al does not actually use invoice reconciliation for payment approval, as noted above. In Claim 19, Method (j)(4) of the present invention, as illuminated by the Specification, p. 52, "accounts for such fulfillment, and authorizes payment...." That is, invoices for goods are reconciled against goods actually received. (See also: new Claim 19, Method (i)(4), as verified by personnel of the buying government or entity itself.)

The substitute for invoice reconciliation used instead by Mandler et al does not involve any such verification of receipt of conforming goods by the buyer. Instead, in Mandler et al, "the seller ships the goods to the buyer and transmits a notice of shipment (NOS) to the financial clearinghouse. Upon receipt of the NOS, the clearinghouse checks the NOS against the PO to ensure shipment of the proper goods... and provides for either on-line or off-line dispute resolution if there is a discrepancy. The clearinghouse then invoices the buyer...." In other words, the clearinghouse presumptively takes the seller's word, as to conforming receipt. There is no explanation of the process of "on-line or off-line dispute resolution," or its relationship (if any) to invoicing to the buyer. A primary advantage of the present invention in this regard is that the buying government or entity does not pay, or acknowledge liability for payment, until the invoice is reconciled to its own personnel's verification of what was received.

A final, separate difference is that the present invention also reconciles invoices for shipping charges, whereas Mandler et al does not. Accordingly, Mandler et al does not disclose all of Element (4) of new Claim 19, Method (j), assuming arguendo that it discloses "invoice reconciliation" at all.

Based on the foregoing differences of Mandler et al to the present invention, and bearing in mind that Shkedy also is a third-party-conducted reverse-auction, Joint Inventors herein contend that Mandler et al is not appropriate for combination with Shkedy, Hafner et al, and Jarett as to new Claim 19, Method (j) herein.

There is a distinct, important reason why Mandler et al does not call for such combination: the matter of motivation. The Office Action, Item 12 asserts that inclusion herein of invoice checking was obvious "because Mandler et al teaches electronic settlement is wanted in the art (col. 3. lines 12-29)." A review of that reference confirms that its mention, solely of "electronic payment", is at best only that general. This is simply too broad to serve as a prompt to add a specific configuration of invoice reconciliation, as herein.

By the same contention, any other aspect of electronic payment, or for that matter, of the additional areas of "electronic brokerage" or "risk management" would be barred to invention, as supposedly obvious categorically. However, categories of invention are not rendered obvious, only specific inventions are. The question is whether, in a field such as electronic settlement, an invention element, such as a particular configuration of buyer reconciliation of invoices, is rendered obvious by prior disclosures.

Joint inventors contend that the completely different Mandler et al invention generally, and its substitute for invoice reconciliation more specifically, do not render the present invention obvious. No such additional mention of a general motivation to explore "electronic settlement" can broaden that 'footprint' of obviousness to cover the specific configuration of invoice reconciliation herein.

3. Hafner et al Does Not Disclose Payment Release Rules, Or Show Any Motivation For Same From Inventory Considerations, And Is So Far Removed From The Present Invention As To Teach Away From It.

According to the Office Action, Item 12, page 11, "Hafner et al discloses release rules (Col. 8, lines 20-26)," and inclusion of such release rules would have been obvious "because Hafner et al teaches advantages for inventory purposes (col. 1, lines 12-41)." These propositions can be quickly disposed of.

Hafner et al presents a completely different, seller-side system for management of a retailer's inventory. The only "release" mentioned in the first reference (Col. 8, lines 20-26) is an "Order Release" of previously reviewed orders for additions to inventory. No explanation is offered to furnish any basis for a speculated analogy to "payment release" (new Claim 19, Method (j)(5), nor is any such analogy apparent. Moreover, Hafner et al, ibid, makes no mention of any automated rules, even merely for its own "Order Release". In contrast, new Claim 19, Method (j)(5) establishes rules digitally regarding payment release, and then applies such rules digitally in verifying qualification for payment, and,if so, ultimately digitally directing payment release. Clearly, the Hafner et al retailer re-stocking system neither discloses nor suggests anything to do with rules for payment release, digital or otherwise.

As to the second assertion about Hafner et al, the cited reference (Col. 1, lines 12-41) only discusses a need for automated forecasting of inventory needs. Joint inventors herein must confess an inability to fathom whatever such forecasting could possibly have to do with rules for payment release. No motivation toward combination as to such payment release rules does -- or can emerge from Hafner et al.

Because Hafner et al is a completely different system of retailer re-stocking, because "order release" has nothing to do with "payment release", and because Hafner et al offers no motivation as to payment release rules, Hafner et al cannot be combined with Shkedy, Mandler et al, and Jarett in any way such as to render obvious the "payment release" Element (5) of new Claim 19, Method (j).

4. **Jarett Does Not Disclose Spreadsheet Usage In Procurement Accounting, And Does Not Teach Reporting Needs In Accounting In Any Way Relevant To Such Usage, And Offers No Combination That Would Render New Claim 19, Method (j) Obvious.**

Jarett involves a program to build and apply a template for preparing reports ("briefing books") from provided data. At its closest to the present invention, Jarett aserts a preference that its system be applied to the fields of finance and accounting." (Col. 1, lines 17-18, 19-20). Nevertheless,

Jarett is thus remote from the subject of the present invention, and particularly from spreadsheet usage in procurement accounting. Indeed, none of the pages in the template in Jarett refer to purchasing (Col. 4, lines 42-56). Likewise, the specific reference offered by the Office Action, Item 12, page 11, to "speadsheet" disclosure (Col. 27, lines 37-40) only describes a datalink to link to data already present in other programs, including spreadsheets. Indeed, under Jarett, not just data, but also each mathematical relationship must be inserted by a user for any purpose (se, e.g., Col. 21, lines 23-24; Col. 22, lines 28-29). This is merely general, and is tantamount to contending that the very existence of spreadsheet software, of itself, renders obvious every invention of any business method that utilizes a spreadsheet program. That is not the concept of obviousness of an invention.

The motivation aspect of the Jarett combination asserted in Office Action, Item 12, page 11, is that spreadsheet inclusion would allegedly be obvious "because Jarett teaches reporting needs required in in [sic] finance and accounting (col 1, lines 14-31)." That cited passage concerns the "Technical Field" of the Jarett invention. However, assuming arguendo that it also supports the contention of such reporting needs in finance and accounting, that contention is merely general, and likely capable of being found in any elementary textbook in the field of accounting. Again, were such a wide, general motivation allowed to signify obviousness, every invention involving spreadsheet usage involving any reporting would inherently be obvious.

In contrast, new Claim 19, Method (j) is quite specific about the uses of spreadsheets in procurement accounting. Element (1) of that Method (j) establishes spreadsheets to reflect three areas pertinent to procurement: (a) procurement budgets, from those for individual requisitioners to that for the government or entity as a whole; (b) inventory of supply goods-on-hand, applied at all levels, from the individual requisitioning units to the government or entity as a whole; and (c) purchase transactions. Method (j), Element (2) dictates automatic, digital entry of each event of accounting significance about inventory transactions and purchase transactions of the procurement process, while Element (3) of that method digitally calculates the accounting of each such transaction as to any or all of those procurement budgets. Thus it can be seen that it is not the mere fact of spreadsheet usage, but the manner of that use that comprises this aspect of method (j) of new Claim 19.

Neither by Jarett's disclosures about its data-importing,

report-generating template system requiring definition of each mathematical relationship, without any particular disclosures specific to spreadsheet usage or to accounting for procurement processes, nor by whatever general motivation Jarett conveys about reporting in finance and accounting, does Jarett in any manner either disclose spreadsheet usage as described in Claim 19, Method (j), or suggest any combination with Shkedy, Mandler et al, and Hafner et al that would render such specific spreadsheet usage obvious.

5. **Motivation Is Neither Asserted Nor Probable For The Asserted Combination Of Four Disparate Inventions, None Of Which Approximate The Present Invention.**

The nature of the inventions offered by Office Action, Item 12 as combination references (all of which would be required in the attempt to meet all elements of new Claim 19, Method (j)) are all disparate from each other, and none of them approximate the invention herein.

The differences of Shkedy to the present invention have already been thoroughly discussed at pages 27-35, supra. Rather than reiterate all of those fundamental distinctions, they are all simply incorporated here by this reference. However, most important of these is that Shkedy is a third-party-operated system of e-commerce. As such, it has no interest in the internal accounting of a buyer for procurement, whether via purchases through the Shkedy system or outside of it. Hnece, Shkedy neither discloses, nor offers any combination motive for the procurement accounting of new Claim 19, Method (j).

The complete lack of any similarity of the other three references proposed to be combined (Mandler et al, Hafner et al, and Jarett) to the present invention has already been discussed in the immediately preceding three subsections. A brief review of the nature of each reveals their disparity from each other as well. Mandler et al serves as a financial intermediary approving credit for online transactions between buyers and sellers. Hafner et al is a seller-side system for retailer re-stocking of inventory. And, as just seen, Jarett simply provides templates for use in preparing financial reports.

Because of the disparate nature of each of these references (including Shkedy) from each other, it is extraordinarily unlikely that any two would have occurred to an artisan as likely subject of combination, most especially in the

area of procurement accounting. The probability of suggestion to an artisan to combine all four of these references to approximate the elements of Claim 19, Method (j) is so incalculably minimal as to effectively be nonexistent. Nothing about any such four-way combination can be remotely described as obvious. Therefore, new Claim 19, Method (j) is patentable over that proposed combination.

K. New Claim 21, Method (b) (Former Claim 16), Addressing Improving Procurement, Predicting Procurement Needs, And Giving Prompts, Is Patentable Over The Combination Of Shkdey And Landvater Asserted At Office Action, Item 13.

1. Introduction

The Office Action, Item 13 concedes that "Shkedy does not disclose predicting future procurement patterns, reporting conclusions and recommendations, with reminders and prompts for checking stock/overstock levels," but asserts that Landvater does so, citing Col. 2, lines 50-55; Col. 3, lines 59-67; Col. 4, lines 1-2. Item 13 also contends that it would have been obvious to include these elements, "because Landvater teaches irregularities in demand (col. 2, lines 50-65), and the undesirability of overstockage (col. 4, lines 1-2)." The inaccuracy and inapplicability of these two assertions will be addressed below.

2. Landvater Does Not Disclose Predicting Future Procurement Patterns, Reporting Conclusions And Recommendations, With Reminders And Prompts, Within The Meaning And Application Of Those Terms In New Claim 21, Method (b).

Element (3) of new Claim 21, Method (b) of the present invention claims: "predicting digitally probable procurement patterns and needs over at least an ensuing calendar year from analysis of said requisitioning trends, and also more immediately". Data on requisitioning trends is cumulated in Element (1) of Method (b).

Element (5) of new Claim 21, Method (b) claims: "reporting digitally all

conclusions and recommendations derived from all said predictions and analyses to said central purchasing authority and, insofar as relating to any department, or department-level subdivision of the government or entity or to any requisitioning administrative unit, to the chief official thereof,...."

Element (6) of new Claim 21, method (b) claims: "giving reminders and prompts digitally to requisitioners and requisitioning administrative unit chief officials to check stock levels for adequacy and conversely, for overstock, and to consider what level of procurement may be required in the near future as to respective goods and/or services used, and giving pointers to more efficient use of requisitioning."

In contrast, Landvater is a seller's-side invention "for forecasting product sales in a retail store supply chain and determining replenishment shipments to various entities in the supply chain." (Col. 1, lines 15-19). At Col. 1, lines 40-51, Landvater's description of prior art points out that previous systems providing projections to plan "product requirements; transportation requirements; capacity requirements and financial requirements" were "designed to meet the needs of a manufacturing organization, and have not proved suitable for a retailer's needs...." (emphasis supplied). In the same way, Landvater's disclosure of sales predictions and of stock replenishment for further sales, is not suitable for any of the above elements of new Claim 21, Method (b) of the present invention.

In a sales replenishment system, factors such as "current and projected retail store shelf arrangements can have a significant effect on the planned replenishment shipments." (Col. 2, lines 10-12; emphasis supplied). Obviously, shelf arrangements in a warehouse, for instance, have no such impact on the consumption of such warehoused supplies in the hands of a buying government or entity. In addition, Landvater cites "fundamental retailing needs such as promotional replenishments, holiday forecasting...." (Col. 1, lines 45-47; emphases supplied) as being important to Landvatr's forecasts. Indeed, Landvater (Col. 3, lines 11-13) declares that "specialized logic (emphasis supplied) is "needed to plan replenishments for promotions. Neither promotions nor holiday sales of any concern to a buying government in forecasting its need for supplies and services. Hence, the "specialized logic" of Landvater does not apply herein. Thus, more generally, consultation of "sales history" (Col. 2, lines 50-55); Col. 3, lines 59-67) is not a concern to a buying government to predict future needs; rather, prior requisitioning (which will not

necessarily correspond to purchases, due to inventory at the moment) is the pattern that must be studied. Hence, "to forecast a sales spike" (Col. 2, line 57) (referred to in the Office Action as "irregularities in demand") is not a goal or a factor in prediction under Claim 21, Method (b) of the present invention. In particular, the reference to Landvater, Col. 3, lines 59-67, really does not allude to "predicting future procurement patterns, as the Office Action would have it. Instead, that passage merely complains that prior art failed to re-project promotion sales from sales data from "the early days of a promotion." Promotional period sales are of no concern to requisition prediction in a buying government using the present invention.

Moreover, the requisition pattern predictions of the present invention are not limited in use merely to prompts to requisitioners to check stock levels. Such predictions also modify requisition pooling (Element (4) of Method (b)), and serve as a basis for conclusions and recommendations as to possible contracting, cooperative purchasing with other governments, and generally to reduce quanta of warehoused goods held by the government or entity to minimal, prudent levels for reasonably immediate needs (Element (5); Specification, p. 30). Finally, each requisition placed automatically updates and adjusts all such requisitioning predictions (Specification, p. 30). None of these techniques are mentioned anywhere in Landvater.

In sum, Landvater does not actually disclose "predicting future procurement patterns, reporting conclusions and recommendations, with reminders and prompts for checking stock/overstock levels", as those terms are understood and applied in new Claim 21, Method (b) of the present invention.

Further, Landvater in any event does not disclose the remaining functions of new Claim 21, Method (b) not mentioned in Office Action, Item 13. These include: all of the digital data cumulation of Element (1) of that Method; the analysis of that data in Element (2) "to derive procurement strategies and purchasing tactics that improve procurement practices, including, e.g., to improve formulating of future orders from future requisitions, and to optimize order posting, for purposes of reducing purchasing cost, and to otherwise improve processes and outcomes of purchasing"; the application in Element (4) of such analyses and predictions to modify requisition pooling, and "to otherwise generally maximize Just-In-Time procurement efficiency in practice"; and in Element (5) "giving pointers to more efficient use of requisitioning."

Because Landvater thus does not disclose all of the limitations of Claim 21, method (b), it cannot render that method obvious.

3. Landvater Does Not Teach Method (b) Of New Claim 21, And Hence Offers No Combination With Shkedy That Would Render Claim 21, Method (b) Obvious.

As noted in the Introduction of this Section, the Office Action, Item 13 asserts that it would have been obvious to include the features of prediction, reporting, and prompts cited as disclosed by Landvater, "because Landvater teaches irregularities in demand (col 2, lines 50-65), and the undesirability of overstockage (col. 4, lines 1-2)."

The first response to this is to incorporate herein by this reference the content of the immediately preceding subsection, demonstrating that Landvater does not disclose those features, as understood in connection with Claim 21, Method (b) of the present invention.

The second response is that generalities, such as ""irregularities in demand", and "undesirability of overstockage", do not render specific inventions obvious in any event.

The third response is that the actual teachings in the specific, cited Landvater references are limited to: (i) the seller-side context (holiday-week "sales spike"), at Col. 2, lines 50-65; and (ii) the fact that "early marketplace information is not used to its full potential to ship the right quantities of product to the correct stores, resulting in overstocks at some stores, and out of stocks at other stores", at Col. 3, lines 65-67; Col. 4, lines 1-2). Such considerations do not in any event actually teach anything of use in the buyer-side context of requisition prediction and procurement optimization.

The final response is that, as pointed out in the immediately preceding subsection, the assertion of disclosure at Office Action, Item 13 does not include all claimed aspects of Claim 21, Method (b). Hence, the asserted combination of Shkedy and Landvater does not render Claim 21, Method (b) obvious.

L. The Four Additional References Furnished, But Not Mentioned In The Office Action Add No Support To The Required Prima Facie Showing Of Unpatentability.

Copies of four additional patents (Lu et al, Fukushima et al, Martin et al, and Joseph et al) were enclosed with the Office Action, and are cited on the Notice of Refernces Cited prepared by the Examiner. However, none of these four patents are mentioned anywhere in the Office Action. Therefore, it is impossible for Joint Inventors herein to divine what, if any objections to patentability might be intended by their inclusion.

As required by MPEP, §706.02(j), "Where a reference is relied on to support a rejection, whether or not in a minor capacity, that reference should be positively included in the statement of the rejection. See: In re Hoch, 428 F.2d 1341, 1342, n. 3, 166 U.S.P.Q. 406, 407, n. 3 (CCPA 1970)." Because these four patents have no references in the Office Action, they cannot support rejection on prima facie grounds, or require any response. Therefore, no comment is made in these Remarks as to those four patents.

CONCLUSION

Based on Amendment B, and the following Remarks, supra, Joint Inventors Scott A. Heimermann and Stephen Danforth assert that their invention, as described in the new Claims of Amendment B, satisfy all objections as to formalities raised in the Office Action, and that said invention is patentable over the prior art as to all such new Claims of Amendment B. Therefore, said Joint Inventors urge the Examiner to allow the application for patent as amended herein.

Alternatively, in the event the Examiner does not agree that all new claims set forth in Amendment B, supra, are patentable, then Joint Inventors request that the examiner grant the application as to such claims as the Examiner finds to be patentable, in light of the foregoing Amendment B and Remarks.

As a final alternative request as to any further Office Action herein:

The claims of the patent application herein, as amended, retain their original, alternative request under MPEP, §707.07(j) for re-drafting by the

Examiner of one or more suitable claims. This should be taken as addressing in general any circumstance deemed by the Examiner to require such action, or to render it advisable, especially where necessary to preserve patentability not aptly set forth by said claims, as amended above.

In particular, Joint Inventors herein believe that their invention is not obvious as to Shkedy, or other prior art cited, and thus have not set forth their claims strictly as "improvement", or "combination" claims as to such prior art. However, in the event the Examiner disagrees, but believes (as Joint Inventors certainly believe at the very least) that the present invention is patentable as such an "improvement" or "combination", under 37 C.F.R. §1.75(e), if in no other way, then Joint Inventors alternatively request that such re-drafting of claims be applied by the Examiner toward that end under the aegis of MPEP §707.07(j).

Respectfully submitted,

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June 14th, 2004